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FINANCIAL TIMES

No. 26,917

Thursday March 11 1976

*10p



NEWS SUMMARY

GENERAL

Fear of army coup in Lebanon

Lebanon appeared last night to be on the brink of military take-over after two separate groups of officers had served notice on the Government to act to end the army rebellion which has spread throughout the country.

There was also a threat of street Syrian military intervention in the absence of a prompt national compromise. Page 3

Rail trouble may spread

There were fears last night that industrial action by train drivers in protest at cutbacks in British Rail's services which is causing widespread disruption in Eastern Regions may spread to other areas and be made official tomorrow.

Yesterday, the three rail unions, at the start of their annual negotiations with BR, tabled claims for substantial rises within the guidelines of Government pay policy. Back Page News Analysis, Page 12

Former UDA chief shot dead

Mr. Sammy Smyth, former chairman of the Protestant paramilitary Ulster Defence Association, and frequently its spokesman, was shot dead at his sister's home in Belfast last night. Last weekend he suggested that the UDA should have peace talks with the IRA in the wake of the collapse of the Northern Ireland Convention. In a tragic terrorist shot one man dead and wounded several others at a Drumbeg inn. Torture skin, Page 8

Reagan challenge 'all but over'

President Ford for the Republicans and Mr. Jimmy Carter, former Georgia Governor, for the Democrats, were the clear winners in the Florida primary which dealt a serious blow to Governor George Wallace, Democrat. Senator Henry Jackson, strengthened his chances of winning the key New York primary next month. Mr. Ford's staff believe that Mr. Ronald Reagan's challenge is all but over. Back Page Feature, Page 4

Another big DC-10 pay-out

Lawyers representing McDonnell Douglas and its London insurers have agreed to a very large, but unspecified, out-of-court settlement to the estate of a U.S. businessman who died in the Paris DC-10 crash. The settlement is understood, on a single death basis, to be larger than the individual award of \$750,000 to each of the two Kwee children to each of the two Kwee children in London. Page 4

Frigate damaged in cod clash

The frigate Diomede, 2,450-ton, was damaged in a collision with the Icelandic gunboat Baldr yesterday as the gunboat attempted to cross Diomede's bows in an effort to close on the Grimsby trawler Carlisle. A Fleetwood trawlerman was reported missing believed drowned after being swept overboard in a gale. Norwegian plan, Page 31

Starting young

More than half the people arrested for indictable crime in the Metropolitan Police District last year were under 21—51 per cent of 103,252 arrests. Almost one-third were aged 10-16. Page 7. Feature, Page 18

Briefly . . .

Cable car disaster in which 42 people died on Tuesday was caused by a break in the overhead cable, engineers reported.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISES	FALLS
Nat. Westminster	230 + 8	Treasury 11½p M. £101½ - 3
National Manufacturing	98 + 5	Brixton Estates ... 90 - 4
SFB	100 + 10	
Stoeley	138 + 12	
Taylor Woodrow	228 + 8	
Transport Develop.	82 + 3	
United Newspapers	294 + 7	
Weyburn Eng.	295 + 25	
Wimpey	198 + 14	
Barclays Bank	228 + 8	
British Vita	80 + 4	
Coral (J.)	125x + 4	
Costain (R.)	242 + 10	
Clerk and Ind. Secs.	451 + 3	
GKN	47 + 4	
Geoteliner	193 + 6	
Guardian Royal Ex.	223 + 9	
ICI	400 + 4	
Inveresk	69 + 3	
Lucas Inds.	230 + 6	
Marchwicks	114 + 10	
Montfort	33 + 5	
Morgan Grampian	34 + 5	

BUSINESS

Equities 2.7 better but gilts ease

EQUITIES improved although trading was quiet. The FT 30-Share Index, down 2.5 at 11 a.m., closed 2.7 better on the day at 414.1. The properties sector remained easier and rather sensitive.

GILTS succumbed late to the fresh slide in sterling. Shorts closed with falls of ½; medium and longs eased ½.

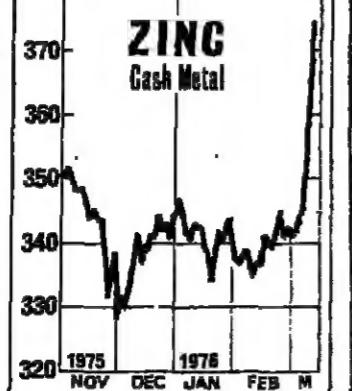
DOLLAR improved against most European currencies. Its weighted depreciation narrowed to 2.20 (2.38) per cent.

GOLD gained \$1 to \$124.

WALL STREET closed at 995.28, for a rise of 1.55. It had neared 1,000 earlier but again met profit-taking.

METAL PRICES rose again in London as sterling fell. Zinc led, with the biggest percentage

increase, its cash price moving up £11.25 to £374.5 a tonne. Page 31



F.T. COMMODITIES index reached 189.32, its highest since December 1974. Page 31

West to give more to Third World

AID to the Third World from the West is expected to rise by 4.5 per cent this year to over £14bn, according to OECD estimates. Page 6

JAPAN has warned the U.S. that it may retaliate if America introduces restrictions on the import of special steels. Page 4

U.K. CHEMICAL industry's prospects for the next ten years are good, if Government and the industry take the necessary measures, says a report from the industry's Neddy. Page 7

EQUAL PAY for women could become very expensive. An EEC judge in Luxembourg holds the opinion that the equal pay principle has been directly applicable since January 1962 and women are entitled to back pay. Page 6

IMPORTS of men's woolen suits from Eastern Europe are to be cut by 8 per cent. Page 8

BONSOR ENGINEERING has been given formal Stock Exchange approval for its two-tier Board structure, and becomes probably the first U.K. public company to use this system. Bonsor's chief executive is Mr. Carl Duer, the management consultant and author. Page 8

BENSONS HOSIERY has made an offer for Bear Brand, which the company's receiver has accepted. Page 22

INFLATION ACCOUNTING steering group has reopened the whole Sandilands debate by calling for views on the report's proposals from representative bodies and special interest groups. Back Page

SIR JACK CALLARD, former chairman of ICI, is to head British Home Stores when Sir Mark Turner retires in June. Page 16, Men and Matters Page 18

As Bank sees prospects of export-led recovery . . .

Pound loses 3 cents despite support

BY MICHAEL BLANDEN and WILLIAM KEEGAN

A RENEWED run on the pound yesterday brought the devaluation of sterling within the past seven days to nearly 6 per cent. against the dollar and over 3 per cent. against the average of most leading currencies.

At \$1.9127, the pound last night closed nearly 3 cents lower on the day against the dollar and its effective devaluation against leading currencies from Dm1.70 in 1971 levels widened to 33.8 per cent. compared with 32.2 per cent. on Tuesday and 30.1 per cent. last Wednesday night.

Selling of sterling was general yesterday, with the New York banks active, particularly active in the afternoon. It undoubtedly took the U.K. authorities by surprise, the earlier assumption having been that the decline in the dollar/sterling rate to \$1.95 was enough for the time being.

As it was, Treasury and the Bank of England—in more accord on market tactics than at the close of last week—are estimated to have spent some £275m. (121.8m.) supporting the pound yesterday, and heavy selling which, on top of the decline, pushed it down to the all-time low of \$1.8145.

The pound also received official support in New York where it was quoted in the afternoon at about \$1.9250,

partly as a result of £4m.-\$8m.

purchase by oil companies to meet scheduled payments.

A decline in sterling's external value to adjust for the U.K.'s

THE FALLING POUND					
	Y'days close	End Feb.	% change	Year ago	% change
Belg. Fr.	75.55	79.40	-4.8	83.00	-9.0
Canadian \$	1,881.25	1,994.5	-5.7	2,404.5	-21.8
Dutch Gld.	5,1400	5,4275	-5.3	5,7400	-10.5
French Fr.	6,6775	9,0875	-4.5	10,1775	-14.7
German Mk.	4,9175	5,2075	-5.6	5,5950	-12.1
Intl. Lire	1,5334	1,5564	-1.5	1,522	+0.3
Japanese Yen	5761	6121	-5.9	689	-16.3
Spanish Pst.	127.85	134.95	-5.3	134.50	-4.9
Swiss Fr.	4.93	5.2075	-5.3	5.9550	-17.2
U.S. \$	1,9127	2,0255	-5.6	2,4055	-20.5

relatively fast internal inflation in tune with what the National Institute of Economic and Social Research—an independent and highly respected body of economists—yesterday recommended was required for the whole year.

The NIESR, however, takes a gloomy view of the economic

prospects, even in the light of a continuing depreciation of sterling, whereas the Bank of England, in its March quarterly bulletin, published this morning, is at least more optimistic on the export front, and therefore in its assessment of the growth rate of the economy later this year.

The Bank believes that, as inflation comes down in the western world, so will the abnormally high savings ratio, thereby giving a boost to con-

sumer spending which may not be fully allowed for in a number of forecasts.

This, plus the contribution of the competitiveness of the pound to U.K. export orders, contributes to a Bank view that U.K. exports could be rising at an annual rate of 10 percent by the end of this year—much faster than the NIESR, on past experience, is prepared to bargain for.

This, in turn, leads the Bank to inject a much more optimistic forecast of the growth rate of gross domestic product for the end of this year, which it puts at the productive potential rate of 3 per cent per annum.

The assumption that the economy is heading for this sort of growth rate anyway, merely adds force to the Bank's firm advice against a inflationary budget.

"Any stimulus to demand now will have a large effect on output and employment only from the end of the year onwards; and by then the economy may, in any case, be expanding at a more nearly satisfactory rate."

A relaxation of the Price Code to encourage investment and a continued strict policy to control wage rises are the main suggestions which the Bank of England makes for economy for the year.

Continued on Back Page

Editorial comment, Page 18

Economic Viewpoint, Page 19

Bank Bulletin, Page 16

Government defeated on spending cuts

BY PHILIP RAWSTORWE

A SERIOUS Left-wing revolt night that his own inclination against the proposed cuts may not be fully allowed for in a number of forecasts.

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Continued on Back Page

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men's action will be taken at today's Cabinet meeting.

Mrs. Margaret Thatcher, to thunderous Tory cheers, told the Government Front Bench last night: "The Government has been decisively defeated and discredited on a major central issue."

There is little doubt that the Government would carry such a vote. Mr. Arthur Latham, chairman of the Tribune group, said last night: "There is no doubt that we will play our part in sustaining the Government and keeping the Tories out."

Under pressure, Mr. Shore, pointing at Mrs. Thatcher, shouted:

Tighter controls on aspirin proposed

By DAVID PASHLOCK, SCIENCE EDITOR

TIGHTER controls on sales of proprietary medicines—particularly those used to reduce pain or temperature, such as aspirin and paracetamol—are proposed to be restricted to packets of 25 tablets or 10 sachets when sold in a report from the Medicines Commission, published today by the Department of Health.

The Government is recommending a package of controls on self-medication, which includes a ban on self-service sales of aspirin, aoxiprin (an aspirin derivative) and paracetamol, said chemists' shops.

The package, contained in a consultative document being circulated to medical, pharmaceutical and consumer organisations, also recommends warnings for all packets of the three drugs unless the brand name makes it clear that the product contains one of the three substances.

The Medicines Commission has also recommended new lists of "prescription only" medicines and of medicines that can be sold reasonably safely without supervision by a pharmacist.

The document includes lists of "prescription only" medicines, medicines which could be sold in ordinary shops, supermarkets, etc., and veterinary medicines. Medicines which did not appear on any of the three lists would be obtainable from chemists' shops without prescription.

A major rewording if they were accepted.

Call to study social role of companies

By NICHOLAS LESLIE

RESEARCH projects costing more than £300,000 should be set up to examine the degree to which companies should make themselves socially responsible, according to a report published today by the Social Science Research Council.

The report, drawn up by an SSRC panel established in 1974, looks at increasing demands on companies to become more aware of their obligations on workers' health, employment practices, safety of products, and other matters.

It sees as a priority a need for case studies of some recent efforts to impose social responsibility by law in order to judge whether these efforts have been effective and what side-effects have been produced. Possible additions to laws on the subject are also to be examined.

The SSRC considers that research a priority "not only because of the intrinsic importance of State intervention as a means of raising standards of social responsibility, but also because so much harm can be done by yielding to the pressure to legislate without sufficient examination of the problems created by doing so."

The Social Responsibilities of Business: A Report to the Social Science Research Council by an SSRC Advisory Panel, SSRC, 1 Temple Avenue, London, EC4Y 8D, 50p.

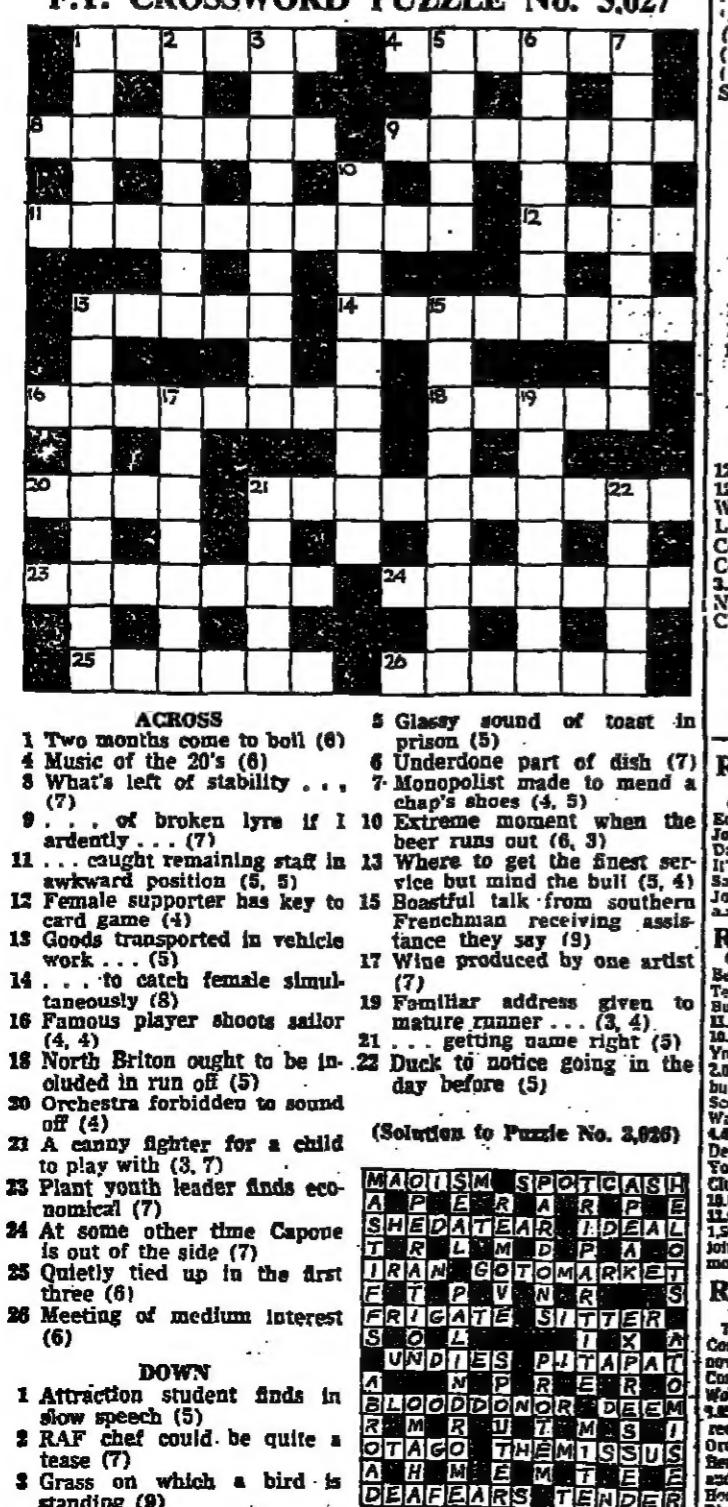
TV Radio

* Indicates programme in black and white.

BBC 1

7.00 a.m. Open University. 8.41 For Schools. Colleges. 12.15 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 You and Me. 2.15 For Schools. Colleges. 3.30 The 80, 70, 80 Show. 4.00 Play School. 4.25 The Wombles. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.15 Stories Round the World.

F.T. CROSSWORD PUZZLE No. 3027



RACING

BY DOMINIC WIGAN

JOHN FRANCOME, who is maintaining such a fierce pace at the head of the jockeys' table, principally because of the fine form still being shown by the Fred Winter string, looks set to land to-day's Portman Hurdle at Wincanton on Red Vase.

Richard Head's seven-year-old has made little show on his two appearances since falling by only a length to give Baffin Bay 83 lb in the Cranborne Hurdle over yesterday's two-mile course and distance early in the season, but he has been taking smart opposition and to-day's race represents a considerable drop in class.

Red Vase, who ought to have no difficulty in reversing Cranborne Hurdle running with Rio on a stone better terms, seems likely to find Mrs. Kennard's locally-trained El Cardo his principal opponent. On his last appearance this El Ruedo gelding put up a useful performance when achieving his third success of the campaign here.

There are few tougher five-year-olds in training than Baffin Bay, and I hope to see this son of Derring-Do make a successful return to the course in the Novices' Hurdle.

Two months ago Baffin Bay was not hard pressed to outpace

WINCANTON

2.00—Henebail
2.30—Eyetatcher
3.00—Red Vase**
3.30—Shane Castle
4.00—Firing Line
4.30—Baffin Bay**

STRATFORD

2.15—Clifford Down
2.45—Gay God
3.15—Willie Wumpkins*
3.45—Just Owen

The Winker and 16 others over this two-mile course and distance, and more recently he again ran well when finishing fast to take third place behind Truest and Firetail at Kempton.

Baffin Bay is taken to win at Cosgrove, and published by Queen Anne Press, costs £2.75.

SALEROOM

BY ANTONY THORNCROFT

Prayer book sells for £10,200

A SPANISH prayer book written on manuscript in Bruges in 1458 and embellished with 14 particularly fine miniatures was sold at Christie's yesterday for £10,200 to Van Der Merch, a Belgian dealer.

The prayer book was presumably produced for a courtier attending Charles V and, with the miniatures coming from the workshop of Simon Bening, is very rare. It had been estimated to sell for between £30,000-£20,000.

It was part of sale of valuable printed books, manuscripts and historical documents which totalled £27,124.

Another item to better its forecast was a Book of Hours in Latin which has 14 miniatures and was produced in mid-France in the third quarter of the 15th century.

It sold to a German dealer, Neuhaus, for £6,500. (A 10 per cent buyers' premium should be added to all prices quoted.)

The sale went quite well, especially the earlier manuscripts, but there were weaknesses. Joao de Castro's account of a Portuguese exploratory expedition to India in 1538, giving the first detailed description of the coasts of the Red Sea, failed to sell, although it is likely to exchange hands privately.

This apart, a first edition of "Liber Chronicorum" by Hartmann Schedel, produced in Nuremberg in 1493, was bought by Maggs for £5,200, and, coming to a collector who specialises in Books of Hours.

The Japanese items did very well, totalling £48,805. There was strong Japanese buying.

Vulcan Freight, agency for a Japanese sword, gave £2,400 for a good Alkuhi blade of 1867 (estimate £1,000-£1,500) and a Katana blade of 1864 sold for £1,700.

Or perhaps more general interest was the \$36,000 paid at Sotheby's Park, Bernet, Los Angeles, this week for the Colt revolver which belonged to the Western hero Butch Cassidy.

This is a record for an American-made gun and it was bought by James Moore in Christies' New York.

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The Chairman

By B. A. YOUNG

Chairman. *He's the George and Margaret* was in Philip Mackie's All the characters but in his public relations the odd one out is the trial psychologist. This led to reports on the action, interviews in turn, and Assistant Director, the ambitious new Editor (or Editor-in-Chief) of the journal and the secretaries. They all their disapproval of the it's chief, and the reacts with a report of reirement with them. He ends a six-month period downward criticism—but and criticism. The chairmazingly passes this foration within depart-

is in Act One, Act Two is in process in action; but is subordinate to the of the act, which with office politics, and demonstrating the two conclusions: one, somewhat curious in its geoblic relations; the other, Stanleys. Both many doors are there in the Directors' room?



Leonard Burd

Tony Britton and Jill Melford in 'The Chairman.'

Record Review

Missae solemnes

by PAUL GRIFFITHS

Beethoven Missa solemnis: Margaret Price, Christa Ludwig, Wieslaw Ochman, Martti Talvela, Concert chorus of the Vienna State Opera, Vienna Philharmonic Orchestra/Böhm DG 2707 080 (£8.50)

Beethoven Missa solemnis: Gundula Janowitz, Agnes Baltsa, Peter Schreier, José van Dam, Wiener Singverein, Berlin Philharmonic Orchestra/Karajan EMI SLS 778 (£5.50)

Beethoven Missa solemnis: Anna Tomova, Annelies Meermans, Peter Schreier, Hermann Christian Polster, Leipzig Radio Chorus, Leipzig Gewandhaus Orchestra/Masur RCA LRL 2 5045 (£5.98)

Beethoven Missa solemnis: Lois Marshall, Nan Merriman, Eugene Conley, Jerome Hines, Robert Shaw Chorale, NBC Symphony Orchestra/Toscanini RCA AT 300 (£12.98)

"It is as though every tree in the countryside spoke to me—hol! hol! ecstasy in the woods! who can give expression to all that?"

Perhaps this jotted note of Beethoven's gives more insight into the genesis of his *Missa solemnis* than any consideration of the public occasion which set him to work the enthrallment in the "Offertorio". The soprano, the vastly improved Käthi Richter, floated some beautifully gleaming, easy, well-focused sounds, falming with others that still needed some pinpointing of pitch), and most of all the soloists attempted to establish the note of supplication that the "spick-and-span" north-of-the-Alps musical direction appeared all too often to ignore.

Incorporated
Photographers'

exhibition

There is an exhibition of the work of 150 Fellows of the Institute of Incorporated Photographers at the Royal Photographic Society's gallery, 18 South Audley Street, W.1. It will remain open until April 2.

Letter from California

by CLEMENT CRISP

beautiful, vertiginous San Francisco driving has seen like on the Big Dipper; the car up the impossible gradients for Street on Nob Hill from there you can suddenly bask in the sun again. The cable cars that go up and down the mostly streets are no longer but the most practical of public transport idea, catching Fisherman's Wharf Victorian factory-area of Pier Square, now an maze of small, elegant French houses. San Francisco is a constant of surprises, slimmed-down courtiers, slimmed-down vestes, are mass of living in the older houses, brass, iron-work and fire-escapes. The Tower-shaped like the of a fire-hose), is a point to view the glitter, pause of the modern city, across the Golden Gate at Sausalito there are mag in bloom, and a fleet of boats on the Bay. Reached through a golf and overlooking the Bay, a tremendous selection of roses from the Norton Collection, to boats, the own fine French houses, brilliant in turns, and the matter had better rest. As a bone-bone we were also shown a duet by the Pavonovs that abominably syrupy adagio, that is blamed on Aliboni, though only "arranged" from his music, and in it music and dance were stickily at one.

To cleanse our palates there followed Balanchine's *Symphony in C*, danced in the now statutory black and white practice dress, and done with bright, clear style by the company. The production was very well rehearsed, the dancers looked eager, and resourceful in technique, and particularly admired Lynda Mayr and Betty Erickson as the leaders of the first two movements, and the buoyant manner of the male dancers led by Vane West, Tomm Ruud, and Keith Martin, whom we remember from the Royal Ballet.

An hour's flight away in Los Angeles, the American Ballet Theatre was giving a three-week performance which began at the Dorothy Chandler Pavilion, a splendid auditorium of the company with magnificent Arts Centre. (Both

Low Christensen. It is a set of polka-like dances to an eminently forgettable score by Carl Reinecke, but like the other works in the programme it was very well played by the Performance Arts Orchestra under Deutscher, and, like the other works in the programme, it was given by the company which looks after and well schooled.

These qualities were needed to make anything of Valery Panov's *Heart of the Mountain*, which followed. It is a one-set version by Panov of Olez Vinogradov's *Goryanka*, a long ballet which he had danced in Leningrad. It may be that in three acts *Goryanka* made Soviet sense as a study of life and unhappy love in Daghestan, but Panov's comprehension was not quite so comprehensible. It was dull. To a pointed score by Muriel Kozhayaev, a Young Woman (Panov in yellow draperies and on point) rejected the love of a Young Man (Valery Panov in red, and also sometimes on point). While attendant people of the mountain (in black, and determinedly off point) moped and capered. Panov was strenuous in leaps, Galina Pavonov was brilliant in turns, and the matter had better rest. As a bone-bone we were also shown a duet by the Pavonovs that abominably syrupy adagio, that is blamed on Aliboni, though only "arranged" from his music, and in it music and dance were stickily at one.

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this and the San Francisco Opera House would be ideal settings for the Royal Ballet: the Californian audiences plainly adore ballet.) With a repertoire of 22 ballets, ABT was playing to packed and ecstatic houses, and what better way was there of renewing acquaintance with the company than *Fancy Free*? After more than 30 years the bumptious antics of those three sailors on shore-leave are still irresistible, and still irresistibly danced. Buddy Balough, Terry Orr and Kirk Petersen are worthy inheritors of the white suits and chewing-gum, dancing the nonchalant bravura and magnificent timing that has always made this such a joy to watch.

The ballet is as fresh as ever, and now seems a text-book example of gesture and comedy business sharpened over the years to maximum effect: Balough snatching a beer in mid-solo and miming pirouettes with one hand; Orr shooting a line (how easily war-time slang comes to mind) as he shoots down a Zero; Petersen snaking his way through a Rumba—a role also taken magnificently well by John Prinz at a later performance.

Very different the succeeding *La Spisidile*. As "restaged by Erik Bruhn" this is unappealing to almost every respect. The score has been arranged by John Lanchbery and sounds brash and vulgar; the first act costuming offers far too much gleaming satin for the Highland lasses and some alarming yellow tights for the death scene. As the sylph makes her exit, she kneels at James's feet, beseeching him to flee with her, you might expect every man in the audience to follow her, so beguiling is her charm. The unaffected, sunny joy of Act II—and the extraordinary moment when, back to the audience, she tells everything of the sylph moving from tears to laughter—is compounded of exquisite finesse as each step is linked into a gently shaded dynamic phrase. The feathery run on point as she brings strawberries and water to James (Ivan Nagy), the beautifully varied and yet consistently sustained pulse of her dancing, testify to a complete understanding of the role. The death scene is poignant, and marvellous here the way gesture seems to float in the air. This is unique Kirlov quality, wherein the arms acquire the precisely correct physical and dramatic weight, a form of muscular intelligence which Makarova shares with Baryshnikov, and something I shall hope to consider in a later report on Makarova's *Raymonda* and Baryshnikov's Albrecht. As any more than does the production. The saving grace of the

matinée I saw was Erik Bruhn's account of Madge. Here was all the power of mime and imagination so lacking in every other performer in the piece. Bruhn's concentration in playing his devilish slye as the witch triumphs in Act 2, recalled that first great Madge we saw in 1953, Gerda Karstens.

Happily, the evening performance brought us Natalya Makarova as the sylph, and she transcended and transformed the whole dreary affair. I reported on her interpretation a couple of years ago when she and Baryshnikov danced with the Royal Danes in Copenhagen. Lovely then her account of the role seems even more remarkable in this presentation. Incomparably light—in step and in nuance of playing—she makes the sylph a creature of other-worldly caprice, impulsively child-like, dancing with the sweet naturalness of a bird singing. It may well be less Bouronville's sylph than Taglioni's certain poses—pretty smiling with eyes downcast, arms delicately curved—are exactly those on Chalon's lithographs of Marie plume de gracie.

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Festival Hall

Leppard

by DOMINIC GILL

Rudolf Kempe was ill, so Raymond Leppard took over, the direction at short notice of last night's BBC Symphony Orchestra concert, also broadcast on Radio 3.

It was a programme of favourites, classical and modern—a happy evening, which scaled no great heights of performance, but which left us all, on its relatively modest slopes, still pleased and well satisfied. Perhaps only Debussy's *Three Nocturnes* yielded up less of their magic than they ought—so fine spun a dynamic web tolerates only the finest, most discreet articulation. The opening of *Nugget*, otherwise prettily played, never seemed really pianissimo, failed to establish a point of reference beside which all the other shades of piano in the movement might be judged.

The programme ended under Leppard with a clear, un-mannered account of Beethoven's Fifth, done with affection and polish: powerfully familiar music in such a cleanly drawn and uncluttered performance still a powerful joy to hear.

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Leppard with a clear, un-mannered account of Beethoven's Fifth, done with affection and polish: powerfully familiar music in such a cleanly drawn and uncluttered performance still a powerful joy to hear.

At the Coliseum last night the English National Opera production of Donizetti's *Mary Stuart* was revived with three singers, new—or new in London—to the three principal roles. To take the Royal ladies in order of appearance: Margaret Haggard sings Queen Elizabeth with confidence and security. Her voice is so beautifully shaped and sensuous, is the best of the four sopranos, though Gundula Janowitz, though a much witz, singing for Karajan, is a less stagy view of the work, also very good second. Martti Talvela, a sort of symphonic poem on the mass. His chorus is textured into the sound of the orchestra, and his recording is the most winning for colour and instrumental detail. To give just one example, he has the due leading the solo voices at the setting of "Et incarnatus est" as if it were a cousin of Siegfried's feathered friend. Böhm is too austere to allow such ornamental beauty.

The impressive solemnity of Böhm's performance, however, does not cloud the moments of terror or jubilation in the work. He follows Beethoven in making sudden veers of tone, as when the meditation on Christ's passion in the Credo gives way to rejoicing at his resurrection. Karajan is the least willing of the four conductors to be swayed so between extremes, but all acknowledge the need for a response which is alive to the movements of the text. In the section which is most steadfast in character, the Kyrie, Karajan's stronger grip is as one might expect, particularly effective. No other recording has quite the power of his in this movement: no other begins with such great waves of sound. Böhm cannot manage the same might in the Kyrie because his orchestral sound is less magnificent, and because his slow tempo acts here to weaken and delay.

Where Karajan's generally more integrated approach could be thought valuable is in those two interruptions of sublime Beethovenian tastelessness, the *Pronkettus* and the military *Benedictus* and the military music in the *Agnus Dei*. No conductor, however, can fully justify these excursions to the saloon and the battlefield. Their justification is in their existence: the *Missa solemnis* would not be the same—is unimaginable—without them. And after the concentrated experience of the work needed for this review I feel no embarrassment, except perhaps at the sweetness of Toscanini's first thoughts in having the tenor part sung *brilliantly*. These few bars, incidentally, display a most perfect realisation of Beethoven's archaic mystery.

I hesitate to make any firm recommendation. If you have read this far, you may have decided which is your *Missa solemnis*; but not, I think, which records are exceptionally fine. Is Beethoven's.

John Tomlinson's resonantly sung Talbot and Christian du Plessis' foxy Cecily are familiar and accomplished characterisations. John Copely's production, re-rehearsed by David Ritch, is in good shape, while Desmond Heeley's sets and costumes remain as pleasing to the eye as ever. Noel Davies conducts Donizetti's score with care for balance between stage and pit, so the comparative lightness of the voices in the chief roles is not noticeable. Though this is on the whole a very un-Italian performance of a typically Italian opera, it is not at all an unidiomatic reading: in this paradox lies a good part of the tension that lends such excitement and dramatic impact to the production.

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OVERSEAS NEWS

LEBANON REBELLION

Threat of military takeover

SAM HUJAZI

IN TO-NIGHT testar officers, accusing the politicians of a military take-over, threatened to act if the government did not end the arms race which has spread at the country. There threat of direct Syrian intervention if a national emergency is not reached.

Speaking to sources close to government, the commander-in-chief of the air force submitted a letter to the Commander-in-Chief, Hanna Saad, to pass government. The letter, it was said, demanded formation of a new coalition government and resignations for the troops who had been taken control by Major-General Rikmat Chehab, the Syrian Chief of Staff, arrived here this evening with what Press reports have described as "definite instructions" from President Hafez Assad for Saad by 250 junior officers.

He joined the two other Syrian officials already here, Foreign Minister Abdel Hafiz Khaddam and Air Force Commander Vice-Air Marshall Naji Jamil.

Three more garrisons were

ending the military crisis here.

He informed sources that, with this kind of military split, intervention might be inevitable.

L. Daniel writes from Tel Aviv: Israel will deal with Lebanese deserters who have taken over Army positions near the border with Israel in accordance with their conduct. Israeli Defence Minister Shimon Peres said today. This followed the news that deserters have taken over third position near the border, this time at Al Chiam, about three miles inside Lebanon. The deserters are reported to be in possession of artillery and thus be able to shell Israeli settlements in the region.

Meanwhile, informed Israeli sources have denied reports that Syria has built a SAM missile defense system in Jordan. These sources point out that Jordan is holding Hawk missiles from the U.S.

In the Knesset today, Israeli Premier Yitzhak Rabin called upon the U.S. not to accelerate the Middle East arms race by supplying Egypt with U.S. weapons in addition to the Russian material already in Egyptian hands. He also warned Syria not to exploit the renewal of the UN peace-keeping force mandate (due in May) for political purposes. Seeing the results of the last renewal in November, which ultimately led to the appearance of the PLO before the Security Council, many observers here hold that Syria again tries to make extension of the UN mandate conditional upon political concessions. It would be better to do without the force.

UPI adds from Cairo: Romania notified the Arab League today that it would not renew its contract with the Israeli Government for pumping crude oil imports from Iran through the Israeli Elath-Ashdod pipeline.

In a letter to the League's boy-

cott of Israel office, the Roman-

ian Government said that the oil

should be consigned to study

Chairman Mao's theories, and

instruction which suggests that

the campaign may go into a lower key.

Compromise

The compromise between those who oppose Teng and those who want to pursue the stable economic policies that the editorial seemed to embody was further brought out by the comment that "the small minority of revolutionary cadres who have taken an erroneous line should be helped to change position." This suggests that, although Teng may go, other officials restored since the Cultural Revolution may retain their jobs.

Many moderates in the Chinese leadership will possibly be obliged to accept the reforms in education and culture. In exchange for "concessions" in economic policy. However, even among those who have previously been radicalised, there may now be some acceptance of the economy from damage, although there is bound to be anxiety among the officials who have to take economic decisions.

Police act as violence looms in Bangkok

RICHARD NATIONS

A sweep through the move to seize power either of Bangkok last night or shortly after the elections for unauthorised armed forces of the tighter security.

Irritably, the political realignment which promises to produce a more stable Government in the next Parliament, has contributed to the tensions.

However, the SAP has gained

at the cost of a number of right-wing parties financially hacked

by prominent Generals of the

Thanon-Prahas dictatorship

whose influence threatens to

diminish in the next Parliament.

Terror has certainly intimidated the left-wing socialist

parties which have lost major

apprehensions that financiers and prime candidates

increasingly increase the Socialist Party of Thailand. If no stable government emerges, most feel a return to

powerful coups are inevitable.

Rotors this week Mr. Fraser and

Mr. Muldoon impressed upon the

small Pacific island states that

the malice of Soviet power

and its military strength

is the implication behind

small island nations to

allow U.S. nuclear

ships and nuclear

weapons in the South

dipomatic warning.

Mr. Fraser and New Zealand Prime Minister Robert

Leading strong con-

cerns after election victories, after

they are in the process of

their countries back to

relations with and reliance

U.S. Both leaders have

in their belief that their

policies must be based

on American strength and

operation with the U.S. the umbrella of the

defence treaty.

Adoption by the South

Forum of nine states in

New Zealand, yesterday,

watered-down definition

nuclear-free zone in the

a significant departure

from policy espoused by the

Labour Government of

both William and Mr.

Rowling.

Also the South Pacific

nations—Australia, New

Zeland, Tonga, Fiji, but agreed to allow nuclear

power, ships and nuclear

powerplants to a zone without navigation or treaty

qualifications.

The nine nations endorsed the

concept of a nuclear-free zone,

but agreed to allow nuclear

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HOME NEWS

Rolls seeks Government aid to launch engine

MICHAEL DONNIN AEROSPACE CORRESPONDENT

ROYCE (1971) is discussing development and initial production with the Government. This period, this would appear to be the provision of finance to involve the Government in an aircraft's new business jet outlay of little more than £30m and is also seeking over a year.

For this kind of investment, engine in the RB-401, of Rolls-Royce says that its market weight of thrust, which studies show, a possible return agreed to replace the existing of some 2,500 engines in export and jet engines of the business for 2,500 engines and the Orpheus class widely business jet market alone up to 1980. Other uses are also aircraft throughout the expected to emerge from the company, which has such as for light combat aircraft about £25m of its and helicopters as well as in the developing and testing civil market for small "com-

pany" in anxious to put the "canter" and feeder-line airliners. In full development. The company has already discussed possible collaboration with Pratt and Whitney of the U.S., but this plan has been rejected by the U.S. Department of Justice under the anti-trust laws, following complaints about of about five years.

Rolls recognises that it is obliged to propose that about 60 fore to seek its prospective of the development and partners elsewhere. It has

costs (about £36m) already discussed the new engine in the U.K. engine with a wide range of airframe and engine companies about £25m), coming from throughout the world, especially in Europe, with MTU of West Germany, Volvo of Sweden and Fiat of Italy.

It has not yet given up hope of securing a U.S. partner, but in

over the five-year life of the Justice Depart-

ment's ruling it does not really hold out much hope for this.

The company's view, however, is that an engine of this potential cannot be allowed to fall by the wayside. It points to the fact that worldwide there is a potential market for upwards of 5,000 engines of this class up to 1980.

Amongst the engine manufacturers of the world, both as replacements for the existing generation of noisy and fuel-expensive types used in today's business jets, and as a power plant for new types of aircraft.

In spite of the considerable competition that is likely to ensue in this market, Rolls-Royce is convinced that with the RB-401 it has a winner.

One possible use for the new engine, for example, could be in the Hawker Siddeley HS-146 feeder-liner project, which is now "on the go" pending a Government decision on its financial go-ahead.

Originally, the HS-146 was intended to use American engines because no British engine was available, but Rolls-Royce has corrected the situation by developing the RB-401.

So far, the company has built one "demonstrator" engine, which is now running on the test bed at its factory at Patchway, near Bristol, and is showing good results.

The company believes that if the engine is given the final go-ahead, it could provide substantial employment through the 1980s at factories throughout the group.

ECONOMIC DEVELOPMENT COMMITTEE REPORT

Better prospects for chemicals

BY RHYD DAVID, CHEMICALS CORRESPONDENT

BRITAIN'S CHEMICAL industry, said that it was necessary to move into a phase of faster, improve the industry's international competitiveness.

It was too late for decisions taken now to affect overall capacity in time for the next peak in demand if this should come either next year or in 1978.

But the report, which looks at the industry's prospects to 1985, points to measures which will have to be taken by the Government and the industry if it is to begin planning now for the years beyond.

Using forecasts drawn up by 10 sector groups, the study estimates that output will increase 5 per cent, a year up to 1980 over 1974 levels, compared with a 6 per cent, a year increase in the 10 years to 1973.

Imports and exports over this period are expected to grow by 6.75 per cent, and total U.K. demand by 4.75 per cent.

Total sales by 1980 are expected to be about £5.7bn at 1973 prices—45.30 per cent, up on last year's depressed levels.

The trade balance in favour of the U.K. industry is expected to continue to grow, reaching about £300m by 1980.

These forecasts, backed by the trade unions, are more optimistic than those suggested by the Chemical Industries Association, which sees output growth of only about 4 per cent.

The report also notes that new factors have emerged which make it feasible for the industry to seek a much higher level of export growth based on the right investment at the right time.

These include the availability of electricity costs for bulk users could as a result of a secure source of raw in the U.K. Nevertheless, the report makes it difficult to sustain exports as a result of sterling devaluation. Other factors include the increased difficulty of finding suit

Government policy should be directed towards maintaining and at the right time increasing the level of investment by the chemicals industry in the U.K.

Statements by the Government about its industrial objectives and about the advantages which the U.K. currently enjoys as a location for investment aimed at the markets of Western Europe, and indications that the Government would strongly favour such investments would be beneficial to investment confidence, as would a restatement of its belief in a mixed economy.

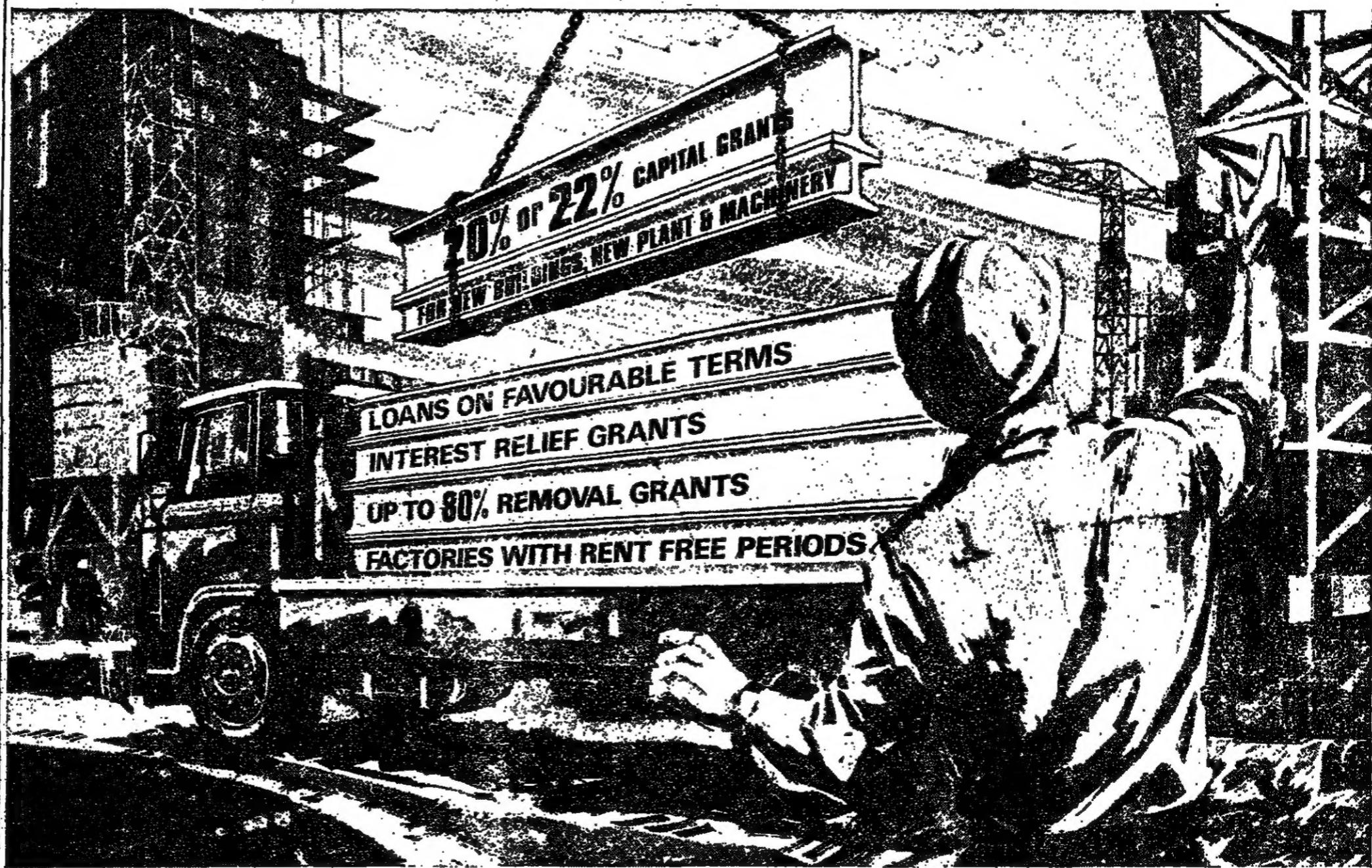
An investment priority identified by the study as essential for a sustained increase in exports is in "building block" chemicals such as ethylene.

The study claims that for Britain to continue to increase its share of world chemical trade it will need a larger share of West European ethylene capacity and of the downstream olefin and aromatic derivatives.

A strengthening of downstream high added value products, such as plastics, which are dependent on olefins and aromatics is also urged.

U.K. Chemicals 1975-85, NEDO, Millbank Tower, SW1P 4QU.

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IN ASSOCIATION WITH
THE SCOTTISH ECONOMIC
PLANNING DEPARTMENT
AND THE WELSH OFFICE



The Areas for Expansion

HOME NEWS

Men's woollen suit imports from east Europe to be cut

BY RYHS DAVID, TEXTILES CORRESPONDENT

IMPORTS of men's woollen suits from eastern Europe are to be set for Romania, the main supplier, 35,000 for Czechoslovakia, 23,000 for East Germany, 26,000 for Yugoslavia.

Voluntary restraint will be exercised by the other two suppliers, Hungary and Poland and they will together be allowed a sum of around 50,000 suits.

The Government's arrangement was given a qualified welcome last night by the UK menswear manufacturing industry which with the Yorkshire wool textile industry, has been pressing strongly for controls.

Mr. John Williams, chairman of the Clothing Manufacturers Federation, said the industry would be relieved that imports were being fixed below 1973 levels.

The total

He pointed out, however, that the industry remained very concerned at the price levels at which imports from Comecon countries were entering the UK and he said the possibility of submitting an application for anti-dumping duties was still being investigated.

Total imports of men's suits from Comecon countries last year, including woollen and man-made fibre garments, are also to be held down at 1973 levels.

First NEB machine tool loan allows for deferred interest

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE FIRST machine tool stockbuilding loan—of £5m.—negotiated by the National Enterprise Board will allow interest payments to be deferred for up to two years.

The company concerned, widely believed to be Alfred Herbert, the NEB's own machine tool subsidiary, will borrow the money for two years and will pay it back earlier if it sells the machines stockpiled before then. The deal will complete "soon."

At the time the loan is repaid, interest will also be paid on the outstanding interest.

In this way, the Board has managed to offer the machine tool industry an attractive proposition while keeping to its terms of reference, which insist it charges commercial rates for loans.

Since the idea of a machine

tool stockbuilding scheme was loans, but that applications will first mount by the manufacturers last autumn, they have maintained that it could not work unless there were provisions for deferred interest payments.

Such a project only made sense to the manufacturers if they could hold off paying back £5m. have already been made, the NEB says that other companies are preparing applications.

Wadkin, the Leicester-based concern, is certainly in the market for a loan for the machine tool side of its business (it is best-known for woodworking machinery) as is Cincinnati Milacron.

The NEB promised to give full details of the first stockbuilding loan when it is signed and this should be "soon."

Hope for flat-screen TV

BY DAVID FISHLOCK, SCIENCE EDITOR

THE DEMANDS of the new Post Office, still dependent on resolving some formidable technical problems, the potential market seems large enough to force a solution to the problems of a flat-screen TV system—a long-standing dream that would hang like a picture on a living room wall.

Professor James Merriman, Board member for technology at the Post Office, suggested this in an address to the Institution of Electrical Engineers in London yesterday, marking the centenary of the invention of the telephone.

Prof. Merriman said that although commercial exploitation of such teletext services as Cefax and Oracle, by the TV companies, and Viewdata, by the

world—some 250m. numbers in 20 different countries.

A third trend to distinguish concerned the computer and the "intelligent terminal," whereby the computer user was persuaded that it was his own intelligence and not the machine's that was really at work.

The greatest external influences on the development of telecommunications, though still pictures

well found in the flat-screen colour TV display. Such a display would be tailored to present alpha-numeric characters of high resolution, and to the slow build-up over perhaps one second of

teletext services were one of the trends forecast by Prof. Merriman for the second century of telecommunications. Another was global telecommunications, making new services available throughout the world.

Already it was possible from two-thirds of the telephones in the U.K. to dial direct to two-thirds of the telephones in the

larity of experience.

...A PEUGEOT FRANCHISE?

**...PEUGEOT..... ALMOST A CENTURY OF AUTOMOBILE EXPERIENCE.....
660,000 CARS PRODUCED IN 1975.....
...22 MODELS..... A BALANCED
RANGE FROM 954cc TO 2664cc.....
15 SALOONS, 2 DIESELS.... 5 ESTATES**

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SOUND BUSINESSES TO JOIN OUR
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Two-tier Bonser Board approved

By KENNETH GOODING, INDUSTRIAL CORRESPONDENT

The action which the Government has now taken has been made on an emergency basis and comes in advance of negotiations which the EEC is due to hold with East European countries within the framework of the GATT-Mult-Fibre Arrangement.

The negotiating position to be adopted in these talks, which will put textile trading between the EEC and Eastern Europe on a more permanent footing, are expected to be discussed shortly at a meeting of the Council of Permanent Representatives.

The new arrangement on shoe imports, negotiated with Czechoslovakia, Poland and Romania, will result in total despatches of men's leather shoes to the U.K. being held at 1973 levels this year.

Under an agreement reached last year, the three countries reduced their shoe imports into the U.K. by 5-10 per cent.

Women's and children's shoe imports, however, were held down at 1973 levels.

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BY-ELECTION REPORT: THE WIRRAL

Lively nights after the big sleep



Mr. Michael Gayford, fighting for the third time on the Liberal platform. Will a low level of support mean farewell to Mr. Jeremy Thorpe?

For example, the number of retired people in the area has risen, and these are feel voters.

With the result thus a virtual 30, feels sufficiently downcast the areas between the old villages, but its occupants are almost wholly dependent on work outside the constituency, and unemployment stands at 11 per cent throughout Merseyside. Parts of the Wirral have a decided air of running to seed. So the twin issues of inflation and unemployment have dominated the campaign. And the voters are proving articulate after their long period outside active politics.

Mr. Michael Gayford, a 45-year-old local businessman married to a local girl who has had a fortuitous flair for publicity by producing their second child in the last week of the campaign, can expect to be the new Tory member for Wirral, and with a five-figure majority. He is a personable, articulate, and generally excellent candidate. The local Conservatives' guilty little secret is that they at first thought him too "left wing" for them. But the campaign has

shown that he is well in tune with the mood of anti-Socialists badly.

Labour's Mr. Adrian Bailey, with the result thus a virtual 30, feels sufficiently downcast the areas between the old villages, but its occupants are almost wholly dependent on work outside the constituency, and unemployment stands at 11 per cent throughout Merseyside. Parts of the Wirral have a decided air of running to seed. So the twin issues of inflation and unemployment have dominated the campaign. And the voters are proving articulate after their long period outside active politics.

Mr. David Hunt, a 33-year-old Liverpool-born solicitor married to a local girl who has had a fortuitous flair for publicity by producing their second child in the last week of the campaign, can expect to be the new Tory member for Wirral, and with a five-figure majority. He is a personable, articulate, and generally excellent candidate. The local Conservatives' guilty little secret is that they at first thought him too "left wing" for them. But the campaign has

shown that he is well in tune with the mood of anti-Socialists badly.

Mr. Hartley Jones, an independent Conservative, is disillusioned with the Conservative Party, while Dr. Frank Hansford-Miller leader of the English National Party (his own invention), is relying on his Beefeater-style costume and an immense banner of St. George to rally true Englishmen to his cause. The two independent candidates can expect a few hundred votes apiece at best.

But, even those could be sufficient to muddy the waters to-morrow morning when psephologists try to read into the Wirral result what Britain feels about the Liberal leadership question.

Roy Hodson

Far-reaching plan is put forward to spur investment

FAR-REACHING proposals to boost industrial investment through radical measures—including diversion of certain company cash into "blocked investment balances"—have been put forward by Mr. John Hughes, Vice-Principal of Ruskin College, Oxford.

Formation of consortia of institutional investors to give improved assurance of financing for capital needs is also suggested by Mr. Hughes, who is a member of the Government's Industrial Development Advisory Board and a prominent adviser to the trade union movement.

In a pamphlet "Funds for Investment," published today by the Fabian Society, which is affiliated to the Labour Party, Mr. Hughes puts his main emphasis on the idea for a "controlled investment funds system."

Under this, certain company resources deriving from depreciation cash flow and/or pre-tax profits would be channelled into "blocked investment balances" to be released for approved investment purposes. Administration of the funds could be linked with pursuit of other Government objectives, including conclusion of planning agreements.

Discussion

These ideas were quite widely discussed last year after Mr. Hughes had been invited by Mr. Hughes to the Trades Union Congress in 1975 Economic Review. This is the first time, however, that they have been published in full.

The Hughes concepts were also the subject of some discussion last year between Mr. Jack Jones, general secretary of the Transport and General Workers Union, and Mr. Denis Healey, Chancellor of the Exchequer.

They are now believed to be under consideration by the new Committee on Finance for Investment of the National Economic Development Council.

Mr. Hughes' underlying thesis is that industry's performance on capital formation has been unsatisfactory and that the financial system has failed to generate an appropriate and stable flow of funds to finance it.

On the latter point, his conclusion is at variance with the great majority of City thinking, which is that finance is available under existing arrangements for all worthy capital projects. The view that more needs to be done was, however, voiced last week by Sir Charles Villiers, chairman

Premium rise for 1m. motorists

MORE THAN 1m. motorists insured with the Guardian Royal Exchange Group face higher premiums from April 1.

The company is raising its private motor rates by an average 17 per cent; and its commercial vehicle rates by 24 per cent.

Uncompetitive

Factory development and industrial investment in Britain cannot compete with the costs and delivery schedules of other countries, according to a report from Slough Estates, one of the largest industrial estate developers.

Rent picket

Private landlords in Nottingham said yesterday that they may picket the homes of the city's rent officers if the officers' interpretations of what is "fair" under the Rent Acts are not revised upwards.

Torture charge

The Irish Government referred its allegations of British torture of IRA detainees in the European Court of Human Rights in Strasbourg. A sudden decision was made by British officials and comes only a month after both Governments received the report of the European Human Rights Commission on the case.

Graduate jobless

More graduates will be chasing fewer jobs in the North-East this year, reports published yesterday by the Durham University careers advisory service says the number seeking work will rise about 5 per cent, but job opportunities are likely to drop by about 10 per cent.

Fall in demand forecast by Electricity Council

BY ROY HODSON

A REDUCTION in the forecast for future electricity demand in Britain was made yesterday by the Electricity Council. In the council's view the maximum demand in the winter of 1982-83 is now likely to be 52,000 MW.

A year ago the council was forecasting 54,000 MW demand for the winter of 1981-82. Both figures are based upon average cold spell conditions.

The new estimate represents a growth rate of 3.5 per cent a year in electricity consumption

Engineering group closes third offshoot

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ENGINEERING GROUP F. H. Lloyd Holdings has told the 133 employees of its offshoot Lloyds (Old Park) at Tipton, Staffordshire, that the subsidiary will close when existing orders are completed.

This is the third subsidiary which the group has decided to shut down in three months.

In January it announced that Lloyds (Bartington), a steel foundry operation, and E.C. and J. Keay, structural engineers at Darlaston, West Midlands, were to be closed within four months.

The 260 employees were told they would be given priority as vacancies arose elsewhere in the group.

The same assurance has been given to the Lloyds (Old Park) employees, but last night secretary Mr. Ivor Ward admitted that the prospects were not all that good because of the specialist skills involved, even though the group has six other companies within travelling distance of the Old Park plant.

Mr. Ward said F. H. Lloyd—which has forecast pre-tax profits for the year to April 3 down slightly from £4.2m. to £3.8m.—has been forced to reshape itself because of the general decline in orders for engineering products.

Last year an attempt was made to preserve the Old Park operations by introducing production of heavy parts for excavators to the other business of heavy fabrications (up to 50 tons), but demand simply dried up.

The judge agreed that "Van Den Bergs are right when they say that their past, present, and proposed advertising is not likely to lead people into thinking that Stork is butter," but the strict application of the language of the advertisements led him to conclude that they were infringing the regulations.

Three Stork commercials ruled illegal

By Antony Thornicroft

THREE television commercials for Stork SB margarine were ruled illegal in the High Court yesterday.

Mr. Justice Whitford said the commercials infringed the 1967 Margarine Regulations, which prohibit references to butter in margarine advertisements.

The manufacturers, Van Den Bergs, a Unilever subsidiary, had sued the Independent Broadcasting Authority, which banned them after a protest from the Butter Information Council.

The judge agreed that "Van Den Bergs are right when they say that their past, present, and proposed advertising is not likely to lead people into thinking that Stork is butter," but the strict application of the language of the advertisements led him to conclude that they were infringing the regulations.

Ian R. Holden, Director of Industrial Development, Kingston upon Hull City Council, 77 Lowgate, Kingston upon Hull. Tel. (0482) 223111

Hull—a Great British City

This spring sees the completion of the final eastern sections of the M62, firmly connecting the city and seaport of Hull with the national motorway network and reinforcing Hull's role as a key communications centre of Western Europe.

Over 30 unit load cargo sailings a week link Hull with various continental ports, and this highly versatile North Sea trade route is now about to be extended by motorway from Hull right to the heart of industrial Britain.

Companies interested in sharing in the future economic growth of Hull, the city at the crossroads of Europe, are invited to contact

Ian R. Holden, Director of Industrial Development, Kingston upon Hull City Council, 77 Lowgate, Kingston upon Hull. Tel. (0482) 223111

Hull—a Great British City



The hidden power behind Britain's industry.

NSF stands for National Smokeless Fuels. If you haven't heard of us we won't be particularly surprised. However, you may be surprised to discover you may well have bought one of our products. Behind the scenes we're important not just to industry, but to the millions of people who use solid fuel for heating their homes.

National Smokeless Fuels Ltd. is a wholly-owned subsidiary of the National Coal Board. Brands like Homefire, Sunbrite and Phurnacite for solid fuel home heating are manufactured by us. So is most of the foundry coke used by industry.

If you find it hard to believe that a company that makes a product called foundry

coke could be the hidden power behind Britain's industry, consider for a moment

Can you think of an industry that isn't in some way or other dependent on cast iron? Then remember that 90% of the cast iron produced in Britain is produced in foundries that obtain their energy from foundry coke.

Cast iron is part of everyone's daily life. For the major parts of our motor cars, our trains, for our buildings, our street-lamps, even for the baths in our homes. We'd all miss a lot without foundry coke to provide the energy to keep Britain's iron foundries at work.

For the foundry operator, foundry coke means a saving on capital and installation costs, on fuel costs and on raw material costs.

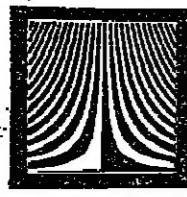
It also represents a safe form of energy. Because the foundry operator can build reserves and because Britain has enough coal for foundry coke making to last far into the future.

Britain's foundry industry is still almost totally dependent on foundry coke as a fuel source. Britain's foundry industry is of crucial importance to every other industry in the country. So is it surprising that we say we are the hidden power behind Britain's industry?

For information on any melting problem or future planning decision, contact our Foundry Metallurgist, Mr. J. D. Hill, National Smokeless Fuels Ltd., Coal House, Lyon Road, Harrow, Middlesex HA1 2EX. (Telephone: 01-427 9001).

National Smokeless Fuels Ltd.

The Hidden Power Behind Britain's Industry.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHREETERS

• SAFETY

Stops glass from flying

BARELY SIX months since the award of the Kitemark for some of its bullet-resistant laminated glasses, Doulton Glass Industries has announced that it is to market a film which, when applied to ordinary glass, will allow it to take the last few feet - 3-4 ft bound explored after feet away.

Though the glass will shatter, the film will retain the sharp fragments within the frame. This means that the terrible injuries caused by blast-driven razor-sharp splinters can be prevented.

Tests have shown that the same thickness of film will protect in the same way even in the case of a 50 lb bomb exploded 33 feet away.

The Royal Doulton subsidiary is marketing the protective film system following an arrangement with its developers, Madico Corporation of Woburn, Mass., U.S. ICI is making the polyester film base at a plant in Scotland.

The film is passed through a heat process involving the deposition of a thin vapour coat

This is why the company is prepared to offer a minimum five-year guarantee on film products and takes the attitude that it will advise on what film to apply in various situations and will not take any job where its advice is not accepted.

Madico and Spencer stores throughout the U.K. are to have the film selected and the size of the windows.

Film is available in various thicknesses and a choice of coloured or clear finishes. In most instances the film has been .002 or .004 inch thick and both are reported considerably to reduce the risk of shattering.

The cost runs from 70p to 120p per square foot protected, depending on the type of film selected and the size of the windows.

Joe Vick, a director of Doulton Glass Industries in charge of the Madico project has given an unambiguous warning against the "many inferior products placed on the market in the last year... some of the products would not even stop a pigeon flying through, let alone a bomb," he says.

Doulton Glass Industries, Huddersfield Lane, Stanningley, Middlesex, 01-952 2200.

• COMMUNICATIONS

New phone link

NETHERLANDS Post Office authorities have proposed to the British Post Office that a completely new microwave link should be set up to operate over 100 channels of speech between Aldeburgh on the Suffolk Coast and Domburg on the north coast of the Scheldt Estuary in Holland.

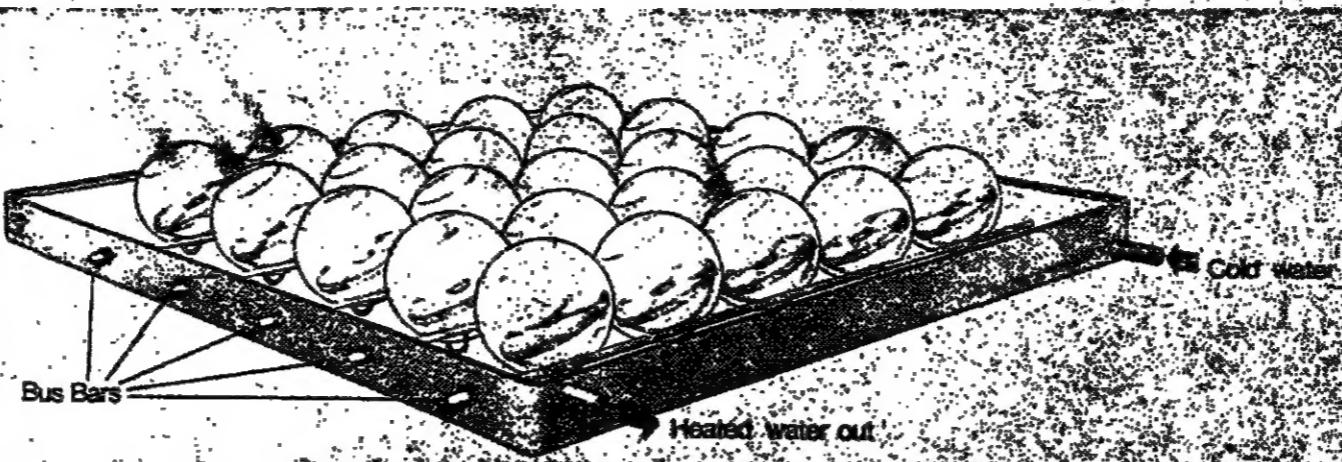
This microwave link would in part help to solve the problem for both PTTs that trawlers are getting more and more careless and have been dredging up large chunks of cross-channel cables — or breaking them — with dire consequences, twice or three times a year.

The Dutch side is confident that the two towers to be built between the two coastal emitters on sandbanks, are close enough to the mean sea level to avoid being crushed by a "blind" supertanker. They should also be rigid enough not to twist in a gale to the extent that the microwave beam will miss the nearest receptor/transmitter.

The equipment so far installed in these interplatform and platform-to-shore experiments perfectly between a gas rig in the southern sector of the Dutch gas fields in the North Sea and the island of Texel at the southern end of the Wadden sea.

This is a 58 km. jump, which is a long way over the sea. But interference between the sea surface and the propagated wave has been much less severe than expected and compensation for it has not been a difficult technical problem.

The Siemens link between rig and mainland provides all the services any rig dweller might require — international telephone



• POWER

Magnets keep eyes on the sun

AN ELEGANT solution to the problem of constantly tracking the sun is only one of the attractive characteristics of a novel type of solar power panel under development at Standard Telecommunication Laboratories, Harlow, Essex.

STL stresses that the work is only in the experimental stage, but the concept has all the marks of simple answers to difficult problems which should take it through to the manufactured product stage.

The panel consists of a water-filled trough (illustrated above) on which plastic spheres about 12 inches across float freely.

A Fresnel lens formed in each sphere serves to concentrate sunlight on to a gallium arsenide thermo-electric cell which feeds the power derived from the sun energy to bus bars in the tank. Residual heat is absorbed by the water and this can be pumped around a house, for instance, to

individual rolls of wallpaper at 30 wraps a minute.

Rapdrap has been applied initially to the solution of shrink-wrapping problems, but it is also ideal for plastic bagging and stretch-wrapping.

At the head end of the machine, four reels of plastic film, which can be pre-folded if required, ensure that reel change would normally not be needed during a shift. The reels feed film at high speed to finger mechanisms which travel along with the film during sealing to keep the neck of the sleeve or bag open.

Simultaneously, a pusher device moves the product, travelling in parallel, into the sleeve or bag while the latter is drawn over the product. The shrinking process follows.

Additional options are continuous print, easy open devices, captive flap, differential film, tray loads and a variety of other features.

Some idea of speeds achieved can be gained from the fact that greeting cards and stationery can be handled at 100 to 140 packs per minute, carton overwraps and shallow trays at up to 100 and single and double-tiered trays or bottles in trays at up to 60 per minute.

NRDC support enabled the company to bring the idea to market much faster than would otherwise have been possible and the Corporation is backing the continuing development programme.

Further details from ID Packaging at Queens Works, New Hall Street, Burnley, Lancashire, 0253 21051.

• DATA PROCESSING

Quick draw method over P.O. lines

SCICON Computer Services has obtained Marketing Rights from the Production Engineering Research Association (PERA) to offer Facsimile for high speed remote plotting and drawing.

The conventional method of remote graphical portrayal requires an incremental plotter which is driven by a plotter controller. This is usually a hand-wired electronic unit interfaced between the computer, which does the transmission over the telephone lines, and the user's terminal equipment.

Additional options are continuous print, easy open devices, captive flap, differential film, tray loads and a variety of other features.

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The complete system can be compiled into almost any user-computer on the host time-sharing computer. The routines are written in low-level Fortran, and

the next stage will be for the NCC staff to gain experience of interfacing the packet protocol with application programs and interface to co-processors with the Post Office and others via the 50 ports available in the exchange.

To test protocols, access

the network. In early summer

the NCC Interface unit will be

extended with multiplexor facilities which will enable other host computers to be connected to the ESS network via the NCC unit.

Availability of the NCC gate-

way facility should encourage other companies to evaluate this new data communications method using their own data and systems.

NCC on 063-229-0333.

Known as the Thermotek Mar-

keting System, it can be applied to any electric typewriter of the fixed carriage variety. A roll or "handroll" of heat shrinkable sleeves is fed into the slightly modified typewriter to impart the desired alpha-numeric codes to the sleeves.

The marks are permanently im-

printed on the surface of the sleeves by passing them through a separate infra-red unit. After removal from their spigots on the handroll the sleeves can be heat-shrunk on to the cable in the normal way.

An attraction of the system is

that many potential users will

already have the necessary

typewriter, modification for manual

control costs about £100, the

infra-red unit about £1,000. Sleeves are available ex-

stock from the company marketing

the system, Raychem of Faraday Road, Durcan, Swindon, Wilts. (0793 28171). If desired the typewriter can be run from magnetic tape or card, from paper

tape, or direct from a computer.

• ELECTRONICS

Permanently identifies cables

LIKELY to be attractive throughout the electrical and electronic industries is a method of producing type-identifying tags for wires and cables.

Known as the Thermotek Marketing System, it can be applied to any electric typewriter of the fixed carriage variety. A roll or "handroll" of heat shrinkable sleeves is fed into the slightly modified typewriter to impart the desired alpha-numeric codes to the sleeves.

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tape, or direct from a computer.

• PRODUCTS

U.K. market the target

NINE Canadian manufacturers are due to arrive in London on March 20 to look for U.K. agents and distributors.

Products range from shoes and truck and trailer suspensions to cabinet hardware, bridge decking

random data.

PAST, accurate and automatic evaluation of random experimental data. Standard histograms of digital format can be offered or digital input data have been performed. The service includes the plotting of all results.

Developed initially to provide power spectral analysis of biological research data, the software has been generalised by LUCS to provide a powerful aid to research scientists in aerospace, mineral exploration, structural and civil engineering, communications and all related fields.

Random data, for which no mathematical model exists, can be evaluated and facilities to smooth, filter, decimate or scale input data have been performed.

Similar and dissimilar metals can be welded, and among those that can be joined are copper, nickel, tantalum, iron, aluminium, tungsten and titanium, and their alloys, without detriment to the metallurgical properties of the components. When used for welding insulated materials, the laser vapours the insulation leaving bare metal for fusion.

The pulsed laser can produce welds down to 25 microns wide. It is stated that precision welds on circuit boards can be produced without damage to the substrate, and hermetic seam welds produced at speeds up to 50 mm/min.

Similar products for plating, plastics and metal plotting and analysis has been a duet. One company is offering a book printing service with five weeks' delivery and press run

time-consuming and expensive information. The manufacturers will use the only outside facilities in Ontario, Charles II Street, London, S.W.1 as their head office.

Existing hardware calls for a quarters (01-630 6404).

• RESEARCH

Analysis of fibrous materials

SIEMENS IS marketing in the U.K. an X-ray vacuum camera with pinhole collimation. Manufactured in Austria by Anton Paar KG, the camera is for the detailed diffraction and analysis of fibres, powders and amorphous substances at both high and low resolutions. It will extend the application of existing X-ray diffraction equipment by allowing "small angle" recordings to be made with improved facility and greater accuracy.

X-ray diffraction analysis is a common assembly with immobile diameter hole is available. If higher resolutions are required, collimators with 8mm and 0.4mm apertures can be supplied — the former allowing 150 angstroms resolution and the latter 250 angstroms.

Siemens, Great West Road, Brentford, Middlesex (01-563 9133).

• PROCESSING

X-rays draw invisible patterns

GENERAL INSTRUMENT Corporation has obtained exclusive patent rights to a process developed by the Massachusetts Institute of Technology for producing high resolution microcircuits by using soft X-rays.

The process is employed with a novel ion-implant technique which shrinks the dimensions of MOS microcircuit transistors by as much as 90 per cent and lead to a two-fold increase in the overall packing density of MOS microcircuits. In turn, far higher yields and lower microcircuit costs may be expected.

Development of a technology allowing the use of X-rays in the manufacture of microcircuits is of importance because present-day photo-lithographic mask-making techniques using visible light are approaching the limits of optical resolution.

In a present-day MOS integrated circuit up to 20,000 transistors can be incorporated on a chip of silicon two-tenths of an inch square. This transistor array is defined by a set of five masks the apertures of which are between 1 and 2 microns width, comparable to a wavelength of visible light.

Consequently, sub-micron dimensions can only be achieved by the use of electro-magnetic radiation at a much shorter wavelength. X-rays are ideal for this purpose as their wavelength is one-hundredth that of visible radiation and offers a proportionate increase in mask resolution. They are more easily produced and controlled than alternatives.

The new Minimos process is now undergoing further development by General Instrument leading eventually to its introduction as a standard MOS integrated circuit manufacturing process.

GIM is at 57 Mortimer Street, London, W1N 7TD. 01-638 2022.

There's a lot of coming and growing at Newport.

Excellent communication networks. Good roads and railroads. Chose of sites. Low wages. Join other progressive companies. Write for full details from Tony Greenaway, Industrial Development Officer, Gwent County Council, Civic Centre, Newport, Gwent, NP1 1QH. Tel: 0495 656101.

IRON STEEL STOCK LTD

WOULD BRITISH INDUSTRY BE HEALTHIER TAKING MONEY OUT OF THE BANK, NOT PUTTING IT IN?

The TUC and CBI seem to think so.

Repeatedly they've issued warnings about under-investment.

Their fear is that when the recovery of world trade that we've been hoping and praying for arrives, Britain will be in no shape to take advantage of it.

The Bank of England's of the same opinion. And in its circular last year it asked banks to:

"...direct advances towards the expansion of exports, the saving of imports and industrial investments."

This doesn't mean that we at Barclays are going to hand out money to everyone who comes knocking on our door.

The country won't get anywhere by throwing good money after bad.

We must pin our hopes and hard cash on successful but under-invested firms.

We must put them in a position where they can win home markets; sell against other countries on world markets; compete with the French, Germans and Americans for overseas contracts.

Understandably, before parting with large sums of money, we'll need to ask a few questions of even the most successful firms.

We'll want to talk about your plans for the future, as well as getting a feel of the way you do business.

If you've been making full use of our banking services, we'll already have a good idea of your cash and tax position. All of which will pinpoint the kind of backing you need.

For instance, a Medium Term Loan for capital investment can be drawn in different ways.

Whereas one company would prefer it as a lump sum, another would rather draw it in instalments.

(By the way, despite the name, a Medium Term Loan can last as long as 10 years.)

For a third company, the bank's leasing facilities may be more attractive than a loan. Working capital is released and there are often tax advantages.

With all these schemes the terms of repayment can be constant, or vary season to season, year to year to suit your cash flow.

Sometimes payments can be suspended until you are benefiting fully from the investment. And in certain cases, you can repay the entire loan at the end of the period.

If you sell abroad, we can be of still more help.

To encourage foreign customers to place orders with you, we will always consider providing them with suitable finance through Barclays Bank International. It's a useful way to expand established markets quite apart from opening up new ones.

Having done that, we can often protect you against exchange rate fluctuations by selling foreign currency for you in advance.

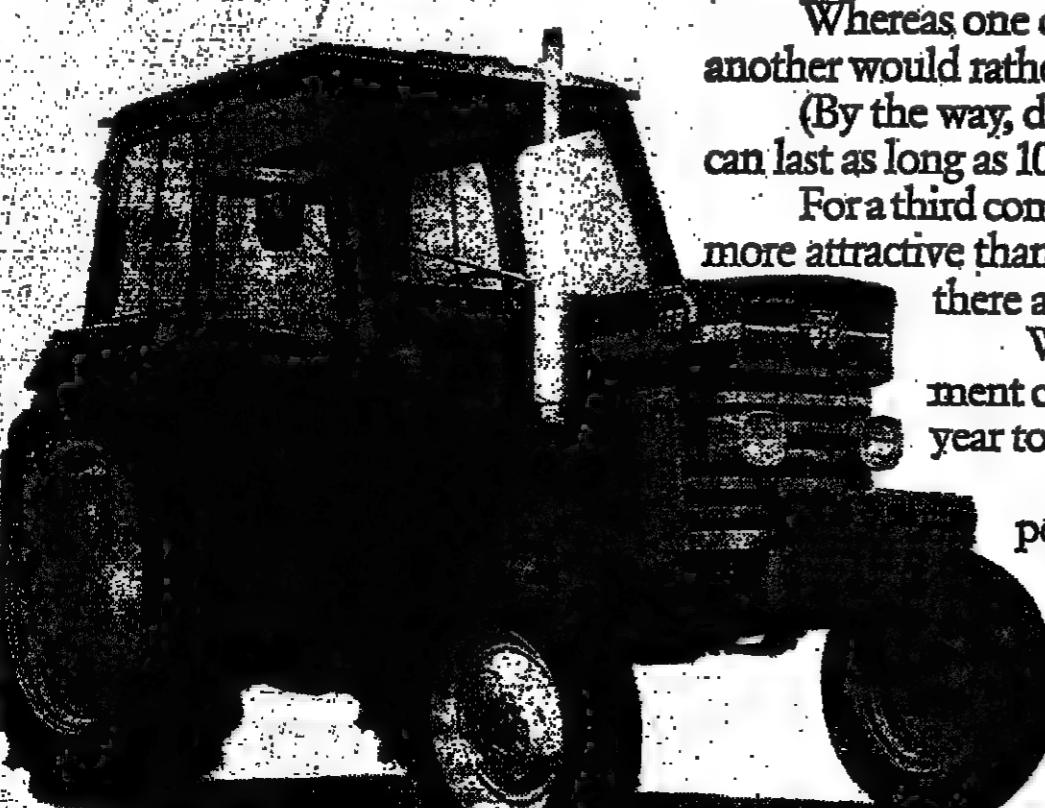
We provide this protection for companies that buy abroad as well. Whether they import finished goods or raw materials.

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Arrange a meeting with your local Barclays Bank Manager. He knows there's truth in the old adage; it takes money to make money.

BARCLAYS

An £18million Medium Term Loan to Cleveland Potash will help turn Britain into a net exporter of potash.



Massey Ferguson Perkins Ltd., has gained a £170 million contract. The Polish buyer was helped by Barclays with sterling and currency syndicated loans, repayable over several years.

For a third company, the bank's leasing facilities may be more attractive than a loan. Working capital is released and there are often tax advantages.

With all these schemes the terms of repayment can be constant, or vary season to season, year to year to suit your cash flow.

Sometimes payments can be suspended until you are benefiting fully from the investment. And in certain cases, you can repay the entire loan at the end of the period.

If you sell abroad, we can be of still more help.

To encourage foreign customers to place orders with you, we will always consider providing them with suitable finance through Barclays Bank International. It's a useful way to expand established markets quite apart from opening up new ones.

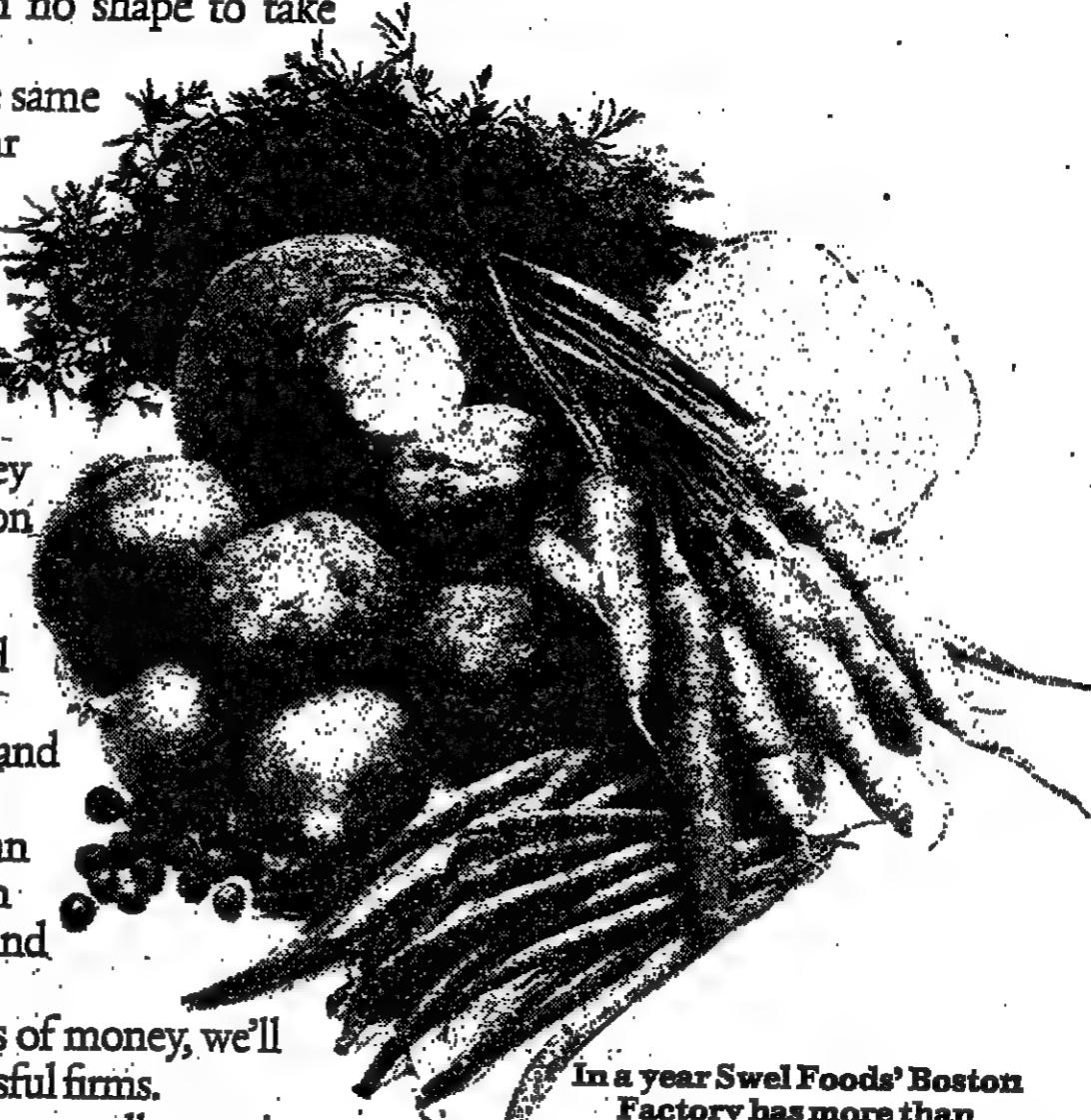
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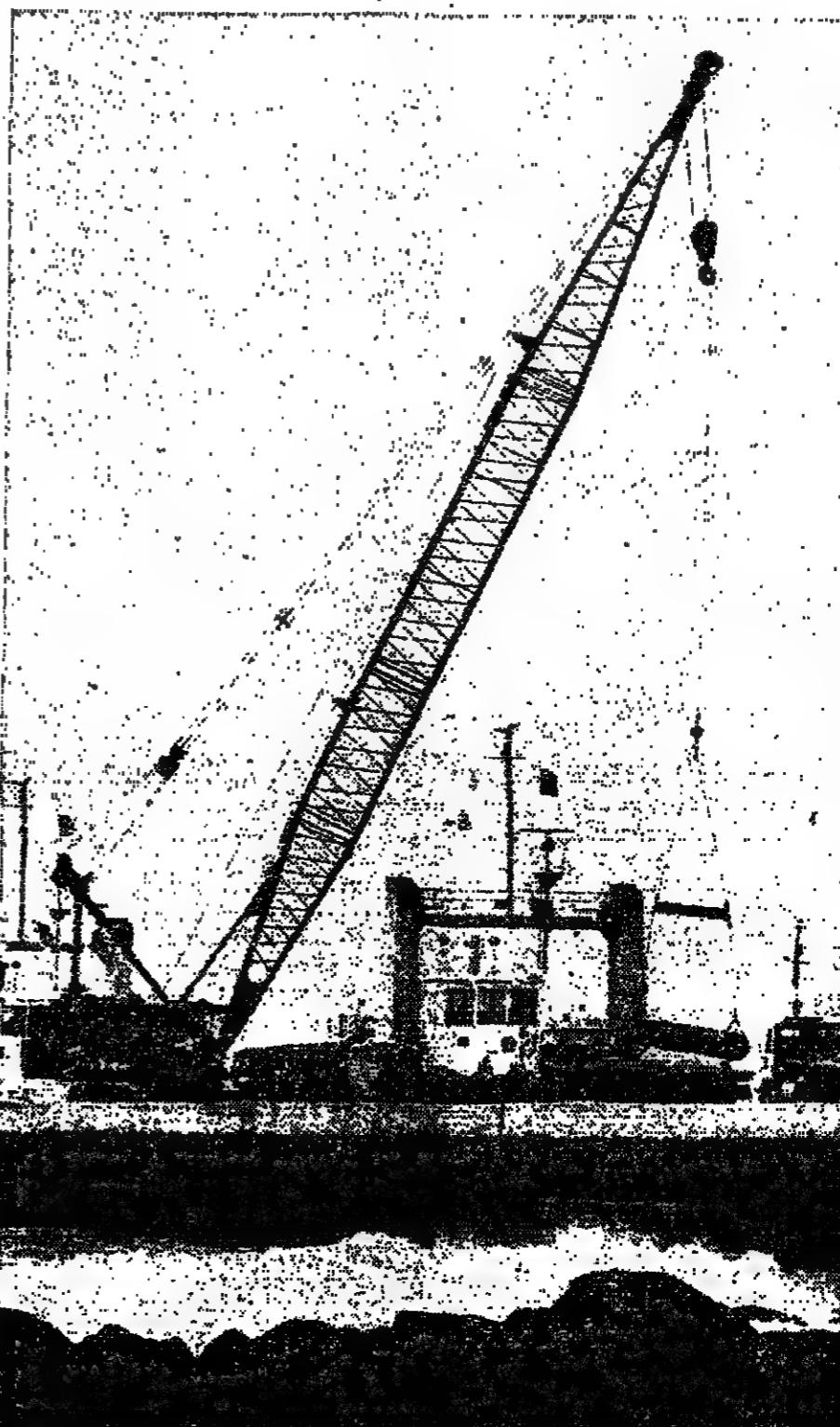
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BARCLAYS



In a year Swell Foods' Boston Factory has more than doubled production of dried vegetables by taking a £150,000 Medium Term Loan over 5 years for a new drier.



B.O.C. International is leasing a new £220,000 crane for 7 years through Barclays Bank. Oil pipe and heavy goods handling efficiency has increased by 30%.

Worker participation call

BY JOHN ELLIOTT, MANAGEMENT EDITOR

PROPOSALS for companies to negotiate "participation agreements" with their employees and for the Government to introduce legislation backing this up were launched yesterday by the CBI in its written evidence to the Government's Bullock Inquiry on industrial democracy in the private sector.

The CBI, which also comes down against any widespread introduction of workers' directors and opposes the TUC's trade union-based proposals for industrial democracy, suggests that the legislation should initially apply to the biggest 700 U.K. companies employing more than 2,000 workers.

Changes

In addition the proposals, which were unanimously approved by the CBI's grand council last month, include voluntary arrangements for small companies to set up participation councils.

Behind the new policy lies a belief in the CBI that "the facts of Britain's economic situation are such as to suggest that widespread changes are needed in British industry, and that these changes could be considerably assisted by an improvement in relationships between employers and employees through greater employee participation."

The basic CBI objective is to achieve an improvement in "industrial efficiency" and to enable employees and trade unions to become "positively and constructively involved in the processes leading to decision making in enterprises."

The CBI describes employee participation as "a means of achieving a more competitive, more efficient British industry through improved employer-

structures and institutions to bring about their achievement in industry, wherever practicable, with the acceptance of the employees involved."

A primary objective of industry should be "the creation of wealth for the benefit of employees and of the community as a whole," it adds.

The CBI then lays down four supporting objectives:

"To promote understanding by all employees that their contribution to the enterprise results in the creation of wealth for the community at large, and thus to higher living standards and job security for all."

"To promote involvement of the employee in the content and purpose of his job, and understanding of the contribution that job makes to company objectives and its relation to and dependence on other jobs within the organisation."

"To ensure that all employees are aware of the reasons for the major decisions which affect them and of the factors taken into account by management in arriving at these decisions; and to ensure that management is aware of the views of all employees involved. Where more than one trade union is involved, there would have to be inter-union co-operation and the agreement, which could be imposed by statutory arbitration if it was not voluntarily settled, would last for three years."

Decisions

"To ensure that all employees are aware of the business situation of the enterprise they work for and that they know the nature and extent of the constraints within which it operates."

"To inform all employees of the enterprise's forward operating objectives and to provide for discussion of these objectives."

The CBI also says that the operations apply only to the U.K. operations of companies registered in the U.K. and not to those with overseas parents, nor in overseas subsidiaries.

Criteria

The CBI proposes that the 700 large companies should be given four years to prepare their agreements and adds that they should only be introduced after a secret ballot of all the employees involved. Where more than one trade union is involved, there would have to be inter-

union co-operation and the agreement, which could be imposed by statutory arbitration if it was not voluntarily settled, would last for three years."

Mr. George Withey, an assistant editor of the Liverpool Echo and a member of a delegation from the Institute of Journalists giving evidence, said that the major decision which affected them and of the factors taken into account by management in arriving at these decisions; and to ensure that management is aware of the views of all employees involved. Where more than one trade union is involved, there would have to be inter-

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The continued existence of the Institute of Journalists had been one of the strands in the freedom of the Press controversy. The IJ had 2,500 members compared with the NUJ's 29,400.

The institute's attitude towards industrial relations was based on three inextricable factors: service to the reader, and the well-being of the industry, and the well-being of institute members.

The NUJ took a radically different view. It said industrial stoppages as perfectly in character with its general objectives.

Mr. Bob Farmer, the institute's general secretary, said that the possible result of a universal closed shop in newspaper publishing would be that a single union felt it had the power to issue "licences to write." An

editor's wish to employ the contributors he chose or to publish certain views might not be sustainable in the face of a closed shop.

Mr. Alastair Hetherington, former editor of The Guardian, told the commission that he believed the Government's proposed voluntary Press charter would be useful and that it would work.

It was important to have a charter that could be quoted in legal proceedings if necessary.

Mr. Peter Preston, The Guardian's present editor, said that the chances of a successful charter being negotiated between management and unions had been viewed with undue pessimism.

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The three-day mass strike lost

the corporation about ten tons of production.

Workers' Union convener, Mr. Peter Astworth, said: "We are complaining about the arrogant and Victorian attitude of the management."

Vauxhall told the union that Mr. McGonigle had been dismissed because of a serious case of misconduct.

"We have no comment to make about the allegations that he was dismissed, because of union activities."

Employing the 130 men was costing it about £1,500 a week.

To-day the TGWU is told that the seven men were losing up to £1,000 a week because their jobs were given to registered dockers who will be a temporary registration workers to enable them to their normal work.

The situation at Gries has arisen from the National Dock Scheme, which the Gries is hoping to extend to a Bill now before Parliament.

There were suggestions that senior Ministers concerned that the port would prove an opponent of the 1

Opposition to the Chamber of Commerce yesterday from the suggested 14 amendment Bill to clarify its power considered "vague and

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Consolidated Statement of Condition—January 1, 1976
(in thousands of dollars)

ASSETS	LIABILITIES
Cash and due from banks	\$ 1,357,108
Interest bearing deposits with banks	1,337,475
Trading account securities	17,193
 U.S. Government and Federal Agency obligations	736,042
State and municipal obligations	590,267
Other securities	146,417
Total investment securities	1,472,726
 Loans and mortgages, less unearned income	6,273,762
Less—reserve for loan losses	99,484
Loans and mortgages, net	6,174,278
 Federal funds sold and securities purchased under resale agreements	64,942
Direct lease financing, less unearned income and reserve for losses	65,680
Premises and equipment	103,072
Customers' acceptance liability	193,713
Interest receivable, deferred charges and other assets	216,760
 TOTAL ASSETS	\$1,002,947
 LIABILITIES	
Demand deposits	\$ 3,045,012
Personal savings	2,016,451
Other time deposits	1,840,988
Deposits in foreign offices	2,669,282
Total deposits	9,573,733
 Federal funds purchased and securities sold under repurchase agreements	384,829
Other funds borrowed	76,466
Interest, taxes and other liabilities	193,873
Acceptances outstanding	197,871
Debentures, notes and mortgages payable	35,435
 TOTAL LIABILITIES	10,462,207
 CAPITAL	540,740
 TOTAL LIABILITIES AND CAPITAL	\$1,002,947

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LABOUR NEWS

NUJ closed shop 'could lead to wildcat stoppages'

BY MICHAEL THOMPSON-NOEL

THE ADVENTURE of a National Journalist closed shop throughout the newspaper industry should be "the creation of wealth for the benefit of employees and of the community as a whole," it adds.

The development of greater participation must build upon existing experience and arrangements; the fundamental requirement is to involve all employees in company affairs at the operating levels at which most decisions affecting their interests are made.

"Given this firm base, it may then be appropriate, again by joint agreement, to provide for access to the level of corporate decision making to deal with specific matters outside the operating sphere."

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NUJ supported by Foot in Press freedom row

BY OUR LABOUR STAFF

MR. MICHAEL FOOT, Secretary for Employment, yesterday rejected Conservative allegations that the controversial action by the Barnsley branch of the National Union of Journalists against non-union members was a deliberate attack on Press freedom.

There was "nothing novel or sinister" about the action of the Barnsley branch, which was following normal industrial practices in seeking support from sympathetic but independent organisations on the question of non-members.

Mr. Foot reiterated, in a letter to Mr. James Prior, Conservative spokesman on employment, his belief that the NUJ executive, which has formally endorsed the Barnsley action, "will, reconsider the issues."

He was replying to a letter from Mr. Prior over the weekend, in which he was asked whether he intended to take any action on the "disgraceful attack" on the freedom of the Press by the Barnsley Chronicle.

The situation had in no way been brought about by the Labour Government's industrial relations legislation.

No mention of the use of monopoly power to deny access to the Press to outside contractors, such as night warrant Parliamentary intervention, arises.

There is no closed shop in the Barnsley newspaper office," Mr. Foot said.

PARLIAMENT



Tories chant 'Out' as Government motion falls

Defeat by 28 on spending policy

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

Seize this devolution bargain, says Short

By Peter Hennessy,
Lobby Correspondent

MR. EDWARD SHORT, Lord President of the Council, yesterday described the Government's devolution proposals as "a bargain which Scotland should seize with both hands."

He told a student society meeting at Aberdeen University: "It gives you the best of both worlds. You keep the advantages of membership of the United Kingdom but you also gain the right to allocate resources and make decisions over your own domestic affairs."

Mr. Short admitted that very few people in Scotland understood the Government's plans partly because of their complexity and partly because the devolution debate had been "sloganned" by those devoted to maintaining the status quo and those who sought separation.

The views of both the Scottish National Party and the breakaway Scottish Labour Party were compatible only with complete independence, he continued. Separation would leave England, Scotland and Wales poorer and relegate the inhabitants of the United Kingdom from belonging to a medium size power to members of the third divisions of nations with little influence in the world.

Federalism, Mr. Short added, was not acceptable as a "halfway house" as such an arrangement would be utterly dominated by England, particularly the South-East. The SNP, he claimed, was showing signs of fright now that opinion polls had shown the vast majority of Scots did not want separation.

New peers

TWO FORMER Conservative Cabinet Ministers, Lord Selwyn-Lloyd, who retired last month as Speaker of the House of Commons, and Lord Carr of Hadley, Home Secretary from 1972-74, were introduced in the Lords yesterday.

policy to ensure that manufacturing industry could take full advantage of the upturn in trade.

But this form of words had not been sufficient to prevent the Treasury Group from wholesale abstention over the document on which the policy was based — the White Paper requiring £5bn in public expenditure cuts by 1978.

The Tory amendment declining to approve the White Paper — an amendment which received no approval from the Labour backbenchers either — was defeated by a Government majority of 30 (304-274).

But this did not lessen the Government's humiliation. The anger of Ministers over the defeat was indicated when Mr. Short, returning from recording his vote in the division lobby, made an angry gesture of protest at the ranks of Labour backbenchers, sitting in stony-faced abstention from support of the amendment to resign.

The alternative to resignation, said Mrs. Thatcher, was to seek a vote of confidence on the issue forthwith.

Again the Speaker had to call for order above the cheers of the Tories.

Uncertainty

Mr. Edward Short, Leader of the House, said the Prime Minister would consider the situation created by the vote and announce his intentions "in due course."

This gruff refusal to evince any urgency roused further pandemonium with renewed calls from the Tories for the Prime Minister to be summoned to the House forthwith.

From the Liberal benches, Mr. Jeremy Thorpe said this was a defeat for the economic strategy of the Government. As the House had not endorsed the alternative strategy of the official Opposition, the country now had no economic strategy at all.

Mr. Thorpe and some of the Tories stressed the need for removing uncertainty at a time of financial difficulty for the U.K. in world markets.

Mr. Short was drawn to appear these demands by amending his reaction to a promise that a statement would be made to-day.

Mr. Denis Healey, the Chancellor, looked on grimly, his arms folded, as the row continued unabated for nearly an hour. The Government's lost motion had called for approval of the

Thatcher's chief policy adviser, contended that the Government was backing away from its declared policy over public expenditure.

He argued that Ministers were frightening themselves unnecessarily about the unemployment consequences of spending cuts.

Sir Keith said that the Government must remove price controls and create a shift from public spending to profits.

"Socialism, as taught and practised here, can never create nations prosperity. It can redistribute, but beyond a certain point—and we have passed it—Socialism actually destroys national wealth and national prosperity."

Trimming

He claimed that far worse public spending cuts would become necessary unless the truth was now faced: "All we need is a change of vendor—a vendetta against low productivity rather than against profits and inequality."

Mr. Stanley Thorne (Lab. Preston S.) said he would be voting against the Government. We have had a de facto coalition for some time in this House. That may have something to do with the trimming of policies that goes on, and the fudging of decisions."

He criticized the Government front bench for being "a Roman centaur poking through the entrails of a strangled cockerel."

Mr. Richard Wainwright (L. Croydon Valley) said that until Britain had a parliament elected in such a way, and conducting itself in such a way, that there was real stability and an end to zig-zag politics, industry could not hope to plan itself. "For that reason, we shall vote against the Government on these cuts."

Mr. Ian Mikardo (Lab. Bethnal Green and Bow) said he respected the claimed authority of the square in the White Paper. He found its forecasting about as scientific as a Roman centaur poking through the entrails of a strangled cockerel.

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Barber picked out, in particular, as among those who had been unwilling to agree to cuts was Sir Keith Joseph—at that time Secretary for Social Services.

There were many occasions, said Lord Barber, when he failed to persuade his Cabinet colleagues, including Sir Keith, to moderate the growth of public expenditure.

Lord Barber said: "I should add that I applaud Sir Keith's present approach to public expenditure."

The Cabinet colleague Lord

Heath urges Treasury change

Tories show their fury over Mozambique aid

BY JOHN HUNT

THERE WERE bitter clashes in the Commons yesterday when Mr. Reginald Maudling, shadow Foreign Secretary, claimed that the Government should give the £10m and £15m it had to Mozambique while that country was conniving at—and perhaps fomenting—terrorism and bloodshed across the frontier in Rhodesia.

The "tougher" Conservative and, as far as possible, would be co-ordinating action with them. He promised that the last week when Tory back-benchers were angered by the opportunity to bring any official opposition line that they would rule in Rhodesia by

force if the UN would not be avoided.

The Foreign Secretary reminded Mr. Maudling that the UN had called for assistance to Mozambique and every Commonwealth country was joining in.

It is not necessary for the Government to lay an Order to stand out against that, they should say so clearly.

Mr. Maudling again asked Mr. Callaghan to make clear what he meant by "conniving at" or

"fomenting terrorism in Rhodesia."

The Foreign Secretary warned the guerrillas who are now training in Rhodesia to cross the borders with Rhodesia and apply sanctions increased the isolation of the Smith regime.

"It is a further indication to the presidents of the four

which Mr. Smith should pay attention—that that he may mean giving

aid when aid is given to Rhodesia will be the legitimate

It is about time some mem-

bers of the Opposition faced up to the responsibilities of this situation. What is required for

There were Conservative pro-

tests as he added: "Guerrilla

majority rule is a simple state-

forces are training in Rhodesia's borders and my understanding is the Foreign Secretary added.

BY JOHN HUNT

To counter cheers from the Labour benches, Mr. James Callaghan, Foreign Secretary, accused the Opposition of "latterday Blimpism."

He utterly rejected Mr.

Maudling's statement and accused

the shadow spokesman of

giving encouragement to the

Smith regime and of doing long-

term damage to the position of

Europeans in Rhodesia.

Mr. Maudling would do

better to "turn his guns on Mr.

Smith." But when he used of

words brought fierce protests

from the Tories, Mr. Callaghan

added hastily that he had only

meant this remark meta-

phorically.

Mr. Heath found it "incompre-

hensible" that Mr. Healey could

make a major speech without even mentioning the pound ster-ling and what had happened in

the past week.

"We heard nothing of his

views about the Nigerian dis-

solution, apparently, to diversify

their holding in sterling."

Control

He did not accept the Chan-

cellor's emphasis on world

recession. It led all too easily

to the conclusion that when we

pulled out of this recession all

our problems would disappear.

Government expenditure had

suddenly been jacked up and it

would not be dealt with other

than by a strategy to cover a

considerable period.

Mr. Heath added: "I have

not gone to see economic affairs

properly managed and Govern-

ment spending kept under-

control unless we have a

different Treasury arrangement."

The Labour Government had

tried in 1964 with the new

Department of Economic Affairs,

but they got it the wrong way

round. What was required from

the Chancellor and his

immediate Department was a

kind of department which would

deal with the economic strategy

over a considerable period.

On the other hand, there must

also be a Minister, with standing

in his own right, who would deal

with the budgetary aspects of

income and expenditure.

Mr. Kenneth Baker (C. St. Marylebone) also suggested

changing the Cabinet system. He

believed expenditure control

should be taken out of the

Treasury and put with the Civil

Service. Department to make a

Bureau of the Budget, with a

Minister of programmes sitting

in Cabinet alongside the

Chancellor.

He was commenting on a

mercenary regime in Rhodesia than

they render. He added: "I hope they will

take due note of that."

On the question of the confis-

cation of passports, Mr. Ennals said

there were a limited number of

categories in which passports

could be taken. The list in-

cluded people whose past or pro-

posed activities were demon-

strably undesirable so that it was

contrary to the public interest

for them to continue holding

passports.

This brought protests from

Labour and Liberal backbenches

and from Mr. Reginald Maudling,

shadow Foreign Secretary.

They wanted to know who had

the power to decide such cases

and on what criteria.

Mr. George Cunningham (Lab.

Islington S. and Finsbury)

wondered how we could criticise

the Berlin Wall when we were

imposing restrictions which

prevented our own citizens

leaving the country.

Mr. Alan Beith (L. Berwick)

wondered if this was a sinister move which

could be used to silence criticism

which the Government found

undesirable.

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BANK OF ENGLAND QUARTERLY REPORT

Rise in personal savings 'prompted by inflation'

BY ANTHONY HARRIS

THE BANK of England to-day announced what it clearly regards as an important breakthrough in economic forecasting.

The unexpected rise in personal saving in the last three years, which is the main reason why the recession was so much deeper than forecast, is partly explained by the desire of private savers to rebuild their net liquid assets—mainly bank and building society deposits—which were deviated by inflation.

The relationship suggests that, as inflation abates, consumer spending will recover more strongly than expected.

Optimism

This important development, which goes far to explain the fact that the short-term economic forecasts of the Bank of England are far more optimistic than those published earlier this week by the OECD and the National Institute of Economic and Social Research, is announced in a short article in the Bank of England Bulletin to-day by J. C. Townsend of the Bank's Economic Intelligence Department.

It is clear that the Bank now places heavy weight on an economic relationship which was first suggested for the U.K. last September by John Forsyth, chief economist of Morgan Grenfell, the merchant bankers, and reported at length in the *Financial Times*.

The Treasury has been making similar studies and while it is not thought to have reached quite such firm conclusions, it has also found grounds for relative optimism

in the study of the savings ratio.

The Bulletin article explains that the Bank's economists tested a number of possible explanations of abnormally high saving. The most important, apart from the ratio of net liquid assets to personal income, were the fall in the value of other assets (securities and property); fear of unemployment; and resistance to unexpectedly high rates of price increase.

The liquid assets ratio proved by far the most important and its inclusion in the Bank's forecasting equations reduced the errors in the forecasts by half.

The liquid assets ratio is now proved by far the most important and its inclusion in the Bank's forecasting equations reduced the errors in the forecasts by half.

An advance of this scale in the accuracy of forecasting is a rare event in economic research and goes far to explain the evident excitement of the Bank's economists over their finding and their willingness to challenge so radically the figures used by other forecasters.

The liquid assets relationship states, briefly, that when holdings of such assets fall sharply in relation to personal disposable income, consumers cut their spending.

Explanation

There are several possible explanations of this behaviour: that people's spending is determined directly by the size of their bank balance, as well as by their income; that people have a clear mental target—a "gut feeling"—about the appropriate balance between assets and income; or that the main pressure is exerted by those who are in short-term debt to their banks or others.

The Bank says that, because of the difficulty of getting behind the national accounts totals to the behaviour of individuals, it cannot suggest which description is the right one. Its measurements show, though, that the relationship, however it may be explained, is economically important.

The research also shows that it is not rather than gross assets—net, that is, of short-term debt to banks and hire purchase companies—which appear to provide the explanation of savings behaviour and that, when consumers decide to save more, they cut their spending on non-durables—food, clothing and services—rather than on durable goods such as cars, as had previously been supposed.

This suggests that when the recovery comes it will bring greater benefit to non-durables and less to durables than most forecasters suppose.

While the Bank's research is basically centred on the economy, the article reports on similar work done in the U.S. and elsewhere to explain the abnormal personal savings of recent years, in those countries clearly believes that the relationship holds.

A forecast of lower personal saving is the main result the Bank expects as a revival in world-wide consumer spending that forecasters assume.

The Bank's own believe that the drop in saving may be slow to affect Britain, because, as inflation is abating, the rate of liquid assets remains historically very low: about 20 per cent below normal level for the past two years.

The recovery will be less damaging in countries where inflation has been less damaging.

REAL RATES OF RETURN 1960-1974

	Per cent per annum	Post-tax	
	Pre-tax	Foward-looking	Backward
1960	12.4	3.7	9
1961	11.5	2.1	8
1962	10.5	7.6	7
1963	11.4	9.2	7
1964	11.8	9.3	7
1965	11.2	4.4	6
1966	9.9	6.5	6
1967	9.5	5.9	5
1968	10.0	5.4	4
1969	8.5	3.9	4
1970	7.3	3.1	4
1971	7.3	3.5	4
1972	7.5	4.3	4
1973	6.4	3.4 (4.3)	3
1974	4.0	-0.3 (4.1)	0

The forward-looking measure of post-tax returns takes account current investment incentives; the backward-looking measure the impact of past investment incentives on companies' actual

Profits fall hits investment

BY MICHAEL BLANDEN

THE DROP in industry's profitability in recent years meant that if the Government had not stepped in with its tax relief scheme for stock appreciation, the company sector would have been earning virtually no return on its investment in fixed capital in 1974 and 1975.

This conclusion emerges from a detailed study of the trends in company profitability in the latest Bank of England Bulletin.

They provide further ammunition for the Bank's argument that companies should move to an inflation-adjusted method of accounting, such as the system recommended by the Sandilands Committee.

The figures also cast new light on the slump in industrial investment in recent years, which the Bulletin points out in its general summary is now further below its long-term trend than it has been at any time in the last 20 years.

The drop in profitability, the Bank suggests, is one of the main factors behind the low level of investment. In its assessment of the economic situation the Bank argues that the Price Code should be changed because economic recovery gains pace, to encourage investment which otherwise could respond too late and on too small a scale.

The article also goes on, however, to measure for the first time the impact of taxation on company profits. This analysis shows that from a level of around 8 to 9 per cent in 1960, the post-tax rate of return would have fallen to zero by 1974 but for the tax relief on the increase in the value of stocks introduced in November 1974.

Relief

If all companies had been able to take advantage of this relief, the post-tax rate of profitability would have been pushed back up to around 3½ per cent. But with many companies earning insufficient profits against which to set tax allowances, "the average rate of return must in fact have been somewhat less."

The Bank points out that, while the stock relief in effect enabled the net return to improve to around the pre-tax

level, the high rate of inflation may nevertheless have had a major impact on investment decisions. For most of 1974, it is argued, the managers of companies would have thought that, on average, their real rates of return were negligible.

The Bank points out that the effect of 100 per cent first-year allowances on capital spending is half the cost—representing its own "equity stake"—and, at current tax rates, half the resulting profits. The stock relief has had the effect of putting investment in stocks at the margin on a similar basis to fixed investment.

These developments underline how far the U.K. has gone already towards removing the disincentive impact of tax on investment decisions: though the effect may be disadvantageous for companies when the point is reached at which they are paying little or no tax, and thus are unable to offset the cost of interest on borrowed money.

The post-tax rate of return, allowing for adjustments for taxation in relation both to profits and to capital employed, was more than halved during the 1960s and 14 per cent in 1970 steady enough to give no definite cause for concern that it

was somehow inhibiting factory development economy."

The accelerated fall in the stock market, was too attributed to long changes in economic life. The fact that the real return including stock valuation has been fairly stable since mid-1960s, the Bank could indicate that it had adjusted their price account of the falls replacement cost of fixed but not of stocks.

Impact

The impact of inflation reflected in a dramatic share of stock app in gross trading profits, average of five per cent in 1960s and 14 per cent in 1972, to 27 per cent in 1974.

For 1975, the figures incomplete, but the Bank suggests that pre-tax rates are likely to have fallen, and, after tax, the rates may have been as low as 1974.

Profitability should improve if the restraints rises continue to be removed by the Bank argues.

Sharp drop in U.K. oil surplus

BY MICHAEL BLANDEN

THE SHARP DROP in new oil surplus funds coming into London last year and, in particular, the lack of any support for sterling are underlined by the latest analysis published by the Bank of England.

Of total oil exporters' surpluses of \$31.5bn. last year, only \$12bn. is estimated to have come into the U.K. This contrasts with 1974, when the U.K. absorbed \$21bn. out of a total oil surplus of \$36.4bn.

The whole of the inflow into the U.K. last year was in the form of foreign currency deposits and borrowing. The amount invested in sterling was unchanged, with a drop in holdings of Treasury bills offsetting increases elsewhere.

In 1974, an inflow of \$6bn. into sterling investment provided a major source of support for the pound.

The cash surplus available for investment by the oil exporters is reckoned at \$7.6bn. in the final quarter—higher than the previous quarter's \$6.7bn. but below the figures recorded in the first two quarters of the year.

Over the year as a whole, oil revenues rose by nearly \$1bn., but the drop in available surplus funds underlined the unexpectedly rapid rate at which some of the countries had absorbed increased imports.

In the last quarter, while sterling investments were virtually unchanged, there was a revival in the flow of foreign currency

exports together with the impact into the U.K. with foreign currencies rising by \$1.8bn. over the total surplus.

Investments of \$1.4bn. in the four quarters of 1974 were lower than in previous quarters.

The oil-exporting countries contributed to a growth in London eurocurrencies with funds from the EEC to produce an increase of \$700m. in the total foreign currency liabilities of U.K.

This compared with a rise in the previous though, after allowing for exchange rate changes, growth in the last quarter probably a little down.

APPOINTMENTS

Sir Jack Callard to head BHS

SIR JACK CALLARD, former chairman of ICI, is to take over the chairmanship of BRITISH HOME STORES after the Group's annual meeting in June, when Sir MARK TURNER retires from that post and from the Board. Sir Jack Callard is already director of BHS.

Mr. E. H. Axe has been appointed a director of BRITISH HOSES. He retains his position as chief accountant.

Mr. P. J. MII has been appointed executive deputy chairman of J. H. MINET AND COMPANY, engineers and contractors division.

Mr. Leonard Rea has joined the INDUSTRIAL DISTRIBUTIONS GROUP as managing director. Mr. Rea previously held appointments in the Allied Polymer Group, including the deputy chairmanship of Gandy, a subsidiary.

Mr. A. D. Appleton, head of the electrical engineering department at INTERNATIONAL RESEARCH AND DEVELOPMENT COMPANY, has been appointed a director of I.R.D. sales and marketing of the Lyons Bakery cake and biscuit range.

Professor Alan Stuart, professor of statistics, has been appointed Pro-Director of the

London School of Economics for three years from October 1 in succession to Professor Cyril Grumfield.

Mr. Robert Forrester has been appointed to the Board of PUNCH PUBLICATIONS as advertising director. Mr. Forrester joined United Newspapers in 1963 and became advertising manager of PUNCH in 1973.

Mr. Roy Wilcox has been appointed group secretary of WHITTAKER ELLIS BULLOCK. He succeeds Mr. D. G. Austin, who is now group director for corporate planning. Mr. Wilcox retains his existing appointments as secretary of various group operating companies and as a director of Powermaker International.

Mr. T. E. L. Goldsmith has moved from Lyons Maid, where he was sales and marketing director, to LYONS BAKERY to take up the new post of operations director, sales and marketing, in which his responsibilities include U.K. sales and marketing of the Lyons Bakery cake and biscuit range.

You must have an ability to generate business and the ideas to bring business to you. You must understand the client's mind. Speak their language. And present your ideas with confidence only experience can bring.

If you're actively selling the newspaper that is a positive joy to sell. The salary is negotiable, the age group is between 25 and 35. Tony Kippenberger, U.K. Advertising Manager, now 30, 01-248-0000, ext. 211.

What would an account executive like you be doing at

THE FINANCIAL TIMES

Take it as a given that you would be shaping a successful career. The Financial Times is offering a place to one of their specialist clients, groups, which are responsible for specific categories of advertising personally, would therefore be responsible and accountable for all the involved on a major industrial grouping of companies. An account executive functioning in a major industry category. Really responsible and personally accountable on the client side.

You must have an ability to generate business and the ideas to bring business to you. You must understand the client's mind. Speak their language. And present your ideas with confidence only experience can bring.

If you're actively selling the newspaper that is a positive joy to sell. The salary is negotiable, the age group is between 25 and 35. Tony Kippenberger, U.K. Advertising Manager, now 30, 01-248-0000, ext. 211.

**1967-
92%
OF BRITISH
MOTORISTS
DRIVE A
BRITISH CAR**

**IT'S TIME
TO BUY
ON OUR
STREETS**

Are your problems all the result of the economic situation? Or is there something you could do about it? Who will be the survivors, the leaders of revival? To buy a share of the public mind by advertising on television now costs less in real terms than ever before. Is NOW, this weekend, your time of opportunity?

**It could be time
your product
worked weekends.**

London Weekend Television
VW Ring Ron Miller 01-261 3109

Source: Society of Motor Manufacturers and Traders

COMPANY NEWS + COMMENT

BTR profit advances by 62% to £16m.

PROFITS before tax of BTR rose substantially in 1975 from £9.0m to £16m, including a £200,000 earnings contribution from Pernell for three months, but excluding the recently acquired Lonsbroek of Switzerland.

At the time of last July's rights issue, the net total dividend was raised from 3.30p to 4.23p final. Treasury consent has been given. A one-for-four scrip issue is also proposed.

Stated earnings per share, adjusted for the new issue are 18.6p (12.5p).

Sales for 1975 rose to £151.8m, from £110.5m, and the directors say sales and orders for first two months of 1976 have been at levels which indicate that the recovery in European and overseas economies is under way and that the UK may be at hand.

Year

Sales	1975	1974
£m.	151.8	110.5
Overseas	52.1	42.3
Profit before tax	16.00	9.00
Tax	1.40	0.90
Overdue	14.10	9.00
Tax	7.00	4.20
Minorities	1.00	0.80
Attributable	14.60	11.60

Being an international company, the scatter of the group's world interests again provided many opportunities for increasing business activities and much shelter in the spread of the risks, the directors point out. As a result of the rights issue, earnings retention and working capital controls, the 1975 balance sheet will demonstrate ample strength for further expansion.

The group has interests in reinforced plastics, extrusions, etc., engineering, belting, steel fabrication, etc.

• comment

BTR is £8m. ahead pre-tax with the UK contributing £2m. of the growth, overseas £4.1m. and Pernell something like £400,000. Rand devaluation has made for a small net loss on currency swings (which will be taken through the balance sheet anyway) and the key in the upturn is straightforward volume growth, both at home and overseas. But the second half uplift at Montfort has stayed impressive, and BTR could well emerge with pre-tax profits around £11m., helped by an extra £0.75m. or so from acquisitions. At 18.6p the share yield 5.4 per cent, which is covered 2.3 times by earnings on average capital, and August's rights issue has pushed end-1975 net earnings down under half of shareholders' funds.

Profits down at Reed Consolidated

Sales for 1975 of Reed Consolidated Industries, an Australian subsidiary of Reed International, were 3 per cent. higher at £117.75m., but profit after tax and minorities is £3.45m.—down 44 per cent. on 1974.

Profit attributable to shareholders was more than halved to £2.03m. against 8.41m. after extraordinary losses of £428,000 (£234,000 credit). Also included is an extraordinary loss of £62,000 resulting from devaluation of the New Zealand dollar.

A final dividend of 4.3 cents a share makes a same-aspect total of 9 cents.

Brasilvest S.A.
Net asset value as of
1st March, 1976
per Cr\$ Share: Cr\$10.175
per Depositary Share:
U.S. \$9,943.85

THE UNITED STATES AND GENERAL TRUST CORPORATION, LIMITED

The Eighty-ninth Annual General Meeting of The United States and General Trust Corporation, Limited was held on March 10 in London, Mr. M. F. Berry (the Chairman) presiding.

The following is an extract from the Report of the Directors which has been circulated to Shareholders:

It will be remembered that Mr. John Bevan left a serious gap on our Board when he retired on 12th March, 1975, having given the Company most valuable help over no less than 27 years. However, this loss has been remedied by the election of Mr. David Gault, who brings to our meetings the benefit of his experience in shipping and insurance.

The Report for the year ended 31st December, 1975 presents a happier position than did its predecessor, issued a year ago. At that time prices on the London Stock Exchange had reached a very low point, indeed, reflecting a loss of confidence in the future of industrial production, owing to the very rapid inflation of costs. Only a few weeks later a very sharp rise in share prices took place and in general this rise in prices has continued throughout the year 1975.

Perhaps even more important is the revenue aspect. The figure for gross revenues shown in these Accounts amounts to £582,454 against £761,774 a year ago. This reflects a substantial number of dividend increases and in addition the revenue from the U.S.A. has been helped by the fall in the Dollar exchange rate. The earnings per share for 1975 amount to 5.29p net against 4.37p for the year to 31st December, 1974. Your Directors now recommend a final dividend of 2.89p which, together with the interim of 1.4p makes a total for the year of 4.28p per share, against 3.953p for 1974.

The welcome recovery in share prices means that the value of the total net assets of the Company has increased from £10,634,888 to £18,654,981 a rise of 75.4 per cent. Over the same period, the FT Actuaries All Share Index has risen by 13.5 per cent, but of course a very substantial part of the Company's funds is in the U.S.A. where the rise in the Dow Jones Industrial Index, adjusted for alterations in the exchange rate and the Dollar premium, was much less, at 5.2 per cent. The net asset value of each Ordinary Share has risen from 104p to 203p.

In 1974, the proportion of the funds of the Company in the U.S.A. (at market value) rose from 27.9 per cent. to 44.8 per cent. mainly because the U.K. funds had declined so heavily in value. During the past year this movement has been reversed, since the proportion in the U.K. has risen from 43 per cent. to 31.9 per cent. Again, this reflects no change in policy but only the variation in the market values in the U.K. and the U.S.A.

Owing to the very rapid pace of inflation and the world wide economic recession, industrial companies in the U.K. have naturally found it difficult to improve profits during 1975. In the U.S.A., the economy has been slow to recover but the signs there are certainly more encouraging. Prospects for your Company for 1976 depend partly on a recovery in world trade and very largely on the success of government policies to hold down costs. However, a number of important companies in which we have investments have already given indications of their dividend policy for 1976, and your Directors feel that the dividend now recommended can be maintained for the current year.

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Bids and Deals	22	4	Mixconcrete	20	6
BTR	20	1	Montfort Knitting	20	3
Carroll (P. J.)	21	5	Oldham Estate	20	2
Cement-Roadstone	20	5	Pratt (F.) Engng.	21	4
Cornercroft	21	2	Reed Consolidated	20	1
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Hunt & Moscrop	20	2	Tavener Rutledge	20	5

Hunt and Moscrop increase

ON REDUCED turnover of £5.26m. against £5.68m. pre-tax profit of industrial machinery manufacturers Hunt and Moscrop (Middleton) rose from £348,000 to £434,000. In the six months to December 31, 1975.

The interim dividend is effectively lifted from 0.198374p to 0.216582p net per 5p share. Last year's total was equal to 0.1416p paid from pre-tax profits of £742,653.

After UK tax of £16,000 (£136,000), overseas tax of £14,000 (£15,500), and minorities of £3,000 (£1,000), the retained balance is up to £12,000 to £175,810.

• comment

Completion of contracts with industrial protection clauses was the main factor behind Hunt and Moscrop's 31 per cent. mid-term pre-tax profit growth in a period when turnover was 7.4 per cent. lower. On a comparative basis margins improved 2.3 points to 8.8 per cent. A boost was provided by Hunt-West which had a small profit against losses previously: this subsidiary is expected to make further headway in the second half. Of the group's other divisions, Hunt, exchanges remained the strongest, contributing over 30 per cent. of group turnover and profit, while the rest had a comparatively thin time, particularly in April and May. But orders are beginning to pick up again with the paper and textile industries.

Turnover for the year, including exports of £711,983 (£623,710) was up from £53,700 to £67.5m.

After being down from £121,233 to £92,490 in the first six months, Montfort (Knitting Mills) finished with higher profits of £239,944 against £234,563 before tax of £137,141 (£132,254).

The net final dividend is again 2.125p, making an unchanged total of 2.875p. Stated earnings per share are up from 4.366p to 5.248p.

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Turnover for the year, including exports of £711

NOTICE OF REDEMPTION
To the Holders of
ENTE NAZIONALE IDROCARBURI
E.N.I.
(National Hydrocarbons Authority)
7% Sinking Fund Debentures due October 1, 1981.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on April 1, 1976 at the principal amount thereof \$1,273,000 principal amount of said Debentures bearing the following serial numbers:

DEBENTURES OF U.S. \$1,000 EACH

MIS 1745	4545	6478	8548	1113	1323	1612	27919	30711	34398	3827	42228	44145	46428	48482
78 1753	4529	6577	8549	1113	1323	1612	27918	30710	34397	3826	42227	44144	46425	48481
80 1754	4529	6577	8549	1113	1323	1612	27917	30709	34396	3826	42226	44143	46424	48480
87 1801	4520	6587	8702	1122	1385	1617	27936	30823	35153	3841	42381	44161	46508	48710
285 1828	4529	6700	8721	1122	1385	1620	28038	30778	35157	3841	42387	44171	46510	48712
145 1849	4529	6700	8721	1122	1385	1620	28037	30777	35156	3841	42386	44170	46509	48711
448 1384	4744	6745	8721	1113	1311	1610	28071	30775	35155	3840	42385	44169	46508	48710
414 1704	4744	6745	8721	1113	1311	1610	28070	30774	35154	3840	42384	44168	46507	48709
504 1765	4782	8881	8729	1177	1387	1624	28067	30773	35153	3840	42383	44167	46506	48708
2044 4804	4816	8796	8730	1122	1385	1620	28066	30772	35152	3840	42382	44166	46505	48707
518 1773	4844	8807	8636	1143	1317	1624	28021	31476	36402	3877	4095	42337	44143	46724
574 1773	4844	8807	8636	1143	1317	1624	28020	31475	36401	3877	4094	42336	44142	46723
507 1773	4844	8807	8636	1143	1317	1624	28019	31474	36400	3877	4093	42335	44141	46722
2334 4856	4856	8810	8636	1143	1317	1624	28018	31473	36399	3877	4092	42334	44140	46721
844 2311	4856	8810	8636	1143	1317	1624	28017	31472	36398	3877	4091	42333	44139	46720
858 2311	4856	8810	8636	1143	1317	1624	28016	31471	36397	3877	4090	42332	44138	46719
870 2311	4856	8810	8636	1143	1317	1624	28015	31470	36396	3877	4089	42331	44137	46718
879 2311	4856	8810	8636	1143	1317	1624	28014	31469	36395	3877	4088	42330	44136	46717
877 2311	4856	8810	8636	1143	1317	1624	28013	31468	36394	3877	4087	42329	44135	46716
876 2311	4856	8810	8636	1143	1317	1624	28012	31467	36393	3877	4086	42328	44134	46715
875 2311	4856	8810	8636	1143	1317	1624	28011	31466	36392	3877	4085	42327	44133	46714
874 2311	4856	8810	8636	1143	1317	1624	28010	31465	36391	3877	4084	42326	44132	46713
873 2311	4856	8810	8636	1143	1317	1624	28009	31464	36390	3877	4083	42325	44131	46712
872 2311	4856	8810	8636	1143	1317	1624	28008	31463	36389	3877	4082	42324	44130	46711
871 2311	4856	8810	8636	1143	1317	1624	28007	31462	36388	3877	4081	42323	44129	46710
870 2311	4856	8810	8636	1143	1317	1624	28006	31461	36387	3877	4080	42322	44128	46709
869 2311	4856	8810	8636	1143	1317	1624	28005	31460	36386	3877	4079	42321	44127	46708
868 2311	4856	8810	8636	1143	1317	1624	28004	31459	36385	3877	4078	42320	44126	46707
867 2311	4856	8810	8636	1143	1317	1624	28003	31458	36384	3877	4077	42319	44125	46706
866 2311	4856	8810	8636	1143	1317	1624	28002	31457	36383	3877	4076	42318	44124	46705
865 2311	4856	8810	8636	1143	1317	1624	28001	31456	36382	3877	4075	42317	44123	46704
864 2311	4856	8810	8636	1143	1317	1624	28000	31455	36381	3877	4074	42316	44122	46703
863 2311	4856	8810	8636	1143	1317	1624	27999	31454	36380	3877	4073	42315	44121	46702
862 2311	4856	8810	8636	1143	1317	1624	27998	31453	36379	3877	4072	42314	44120	46701
861 2311	4856	8810	8636	1143	1317	1624	27997	31452	36378	3877	4071	42313	44119	46700
860 2311	4856	8810	8636	1143	1317	1624	27996	31451	36377	3877	4070	42312	44118	46699
859 2311	4856	8810	8636	1143	1317	1624	27995	31450	36376	3877	4069	42311	44117	46698
858 2311	4856	8810	8636	1143	1317	1624	27994	31449	36375	3877	4068	42310	44116	46697
857 2311	4856	8810	8636	1143	1317	1624	27993	31448	36374	3877	4067	42309	44115	46696
856 2311	4856	8810	8636	1143	1317	1624	27992	31447	36373	3877	4066	42308	44114	46695
855 2311	4856	8810	8636	1143	1317	1624	27991	31446	36372	3877	4065	42307	44113	46694
854 2311	4856	8810	8636	1143	1317	1624	27990	31445	36371	3877	4064	42306	44112	46693
853 2311	4856	8810	8636	1143	1317	1624	27989	31444	36370	3877	4063	42305	44111	46692
852 2311	4856	8810	8636	1143	1317	1624	27988	31443	36369	3877	4062	42304	44110	46691
851 2311	4856	8810	8636	1143	1317	1624	27987	31442	36368	3877	4061	42303	44109	46690
850 2311	4856	8810	8636	1143	1317	1624	27986	31441	36367	3877	4060	42302	44108	46689
849 2311	4856	8810	8636	1143	1317	1624	27985	31440	36366	3877	4059	42301	44107	46688
848 2311	4856	8810	8636	1143	131									

**itsubishi
riding
lily**

By Smith

TOKYO, March 10.
ISHI CORPORATION is a \$60m. convertible bond in the European and other national capital markets. The company announced today it will be the largest, so any Japanese company, there have been several \$50m. within the last 12 months.

It is the first issue for which underwriters are

Stanley and Nikko will provide funds for the capital of three of its overseas subsidiary, while \$6m. to Canada and \$1m. to

Japan is following a long-term policy of increasing the capital of its overseas subsidiary and reducing their debts on bank loans for the capital of the U.S. subsidiary will

This compares with a \$33m. for the capital of its subsidiary company in Tokyo.

bonds says that it

is planned to limit the \$50m. but decided to

the amount after being underwriters of a fav-

orite both in terms

of the type of investors

to be taken up in Hong

and Singapore as well as

the East and European

riser
ntrol at
rtamina

ur Asia Correspondent
INDONESIAN Government

has given strict control of the State oil comp-

any's indebtedness

which has almost crippled

the development pro-

jects. News came yesterday

a new board of directors

installed at Pertamina. All

directors were re-

placed with the exception of Dr. Ibnu Sutowo,

executive director of the com-

Mohammed Said, Min-

ister of Oil and Gas, said that

the Pertamina oil price,

and contracts with

the companies would be

decided by the Govern-

ment. He

that the company's debts

were settled on the basis

of legal procedures, and

the Government would con-

to help pay the company's

accounts for 60 per cent

of its foreign exchange

and contributes 40 per

of the Government budget.

On this, Pertamina was

up performer in Indonesia's

development. But last

disclosed huge debts of

and had to be bailed out

Government.

Government removed res-

ently for Pertamina's

from the company. It

is trying to get more money

from oil companies who

are 90 per cent of Indo-

oil output of 1.6m. barrels

Informed sources say

the Government is insisting

at another \$1 a barrel, but

foreign companies are us-

with the demands.

The River Plate and General Investment Trust Company, Limited

Rise in Asset Value

Solvent points from the Annual Report and circulated statement of Mr. J. A. Pilkington.

The Chairman draws attention to the

rise in the Company's net asset value from

68p to 145p per Deferred Share. The ten year

Record of Earnings and Assets shows that

net revenue has nearly doubled, having risen

from £12,472,116 in 1966 to £39,534 in 1975;

our dividend has risen in proportion from

2.35p net to 4.45p net whilst our asset value

has nearly doubled, having risen from 68p to

145p, thus handsomely outperforming the

F.T. Indices.

RECORD OF EARNINGS AND ASSET VALUES

Year	Adjusted Gross Revenue	Adjusted Net Revenue	Adjusted Dividend	Net Asset (Net) Value
1975	497,999	275,000	288p	145p
1972	310,718	260,322	3.45p	107.33p
1973	543,917	339,506	3.765p	133.61p
1974	730,551	370,839	4.25p	68.46p
1975	723,974	361,254	4.45p	143.24p

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Chilean banks go back to private sector

By Hugh O'Shaughnessy

CHILEAN BANKS largely per cent interest. The Banco do Brasil, the Bank of Tokyo and Manufacturers Hanover Trust have bought a 40 per cent share of the Banco Unido de Fomento. At the same time there is increasing interest being expressed by U.S. and Japanese banks in re-establishing a presence in Santiago.

According to the Chilean embassy about 30 per cent of the shares in the Banco de Chile have been sold to private investors and bank employees. The Banco O'Higgins has been disposed of, priority in purchasing shares having been given to agricultural co-operatives. The Banco Israelita has been sold to industrial and mining interests in Antofagasta, and is changing its name to the Banco del Norte.

It is understood that the Banco Español and the Banco Osorno y Union have been sold.

The First National City Bank has applied for permission to establish a branch in Santiago, while the First National Bank of Boston is seeking to establish a finance house in Chile.

The Bank of America has been given permission to re-activate its after the bond it last paid DM8.50 in 1972-73.

But the electrical appliance company equivalent 12.75m.

The better figures for the past year stem from higher sales per cent, last year compared with 13.5 per cent in 1974 and an average of 8.8 per cent for the period 1970-74.

Under Brazilian law, the Central Bank if empowered to move in, could conceivably suspend operations of the group as a whole — or merely those of FBI, and would have the authority to insist on financial reorganisation.

The Granges share price is likely for this treatment to result in a sharp increase in

Domestic group profit in Brazil for some time, according to a bank official.

Large loans

FBI's troubles reportedly stem from large loans made to property companies under the wing of the Brazilian partner in the venture (the Luma group).

In 1974, the Sumitomo Bank suffered an undisclosed loss in the forced reconstruction of the Harris Financial group, a similarly structured organisation.

The Bank of Tokyo says its losses should be limited to a maximum of \$2m. no matter what course the Brazilian Central Bank adopts. This is because the equity investment is "partially guaranteed" while much of the \$8m. advances are secured.

A significant part of the total has been advanced to local offices of Japanese companies, the merchant bank said the offer of the \$8m. advances is almost twice

Lloyd's claims McIlwraith's offer of five McIlwraith Lloyds' tangible assets, backing shares and \$A cash for every per share, is unrealistic with four Lloyds shares would mean regard to Lloyd's current earnings per share of a Lloyd's takeover.

Oliver-Davies is attempting to increase its nominal capital, up the strong earnings growth it has achieved in recent years, and has called an extraordinary meeting for March 19 to double it.

Lloyd's see the bid in a totally different light. The company has circularised the major Australian shareholders, pointing out its financial adviser which concluded the move to increase "completely inadequate". The merchant bank said the offer of the \$8m. advances is almost twice

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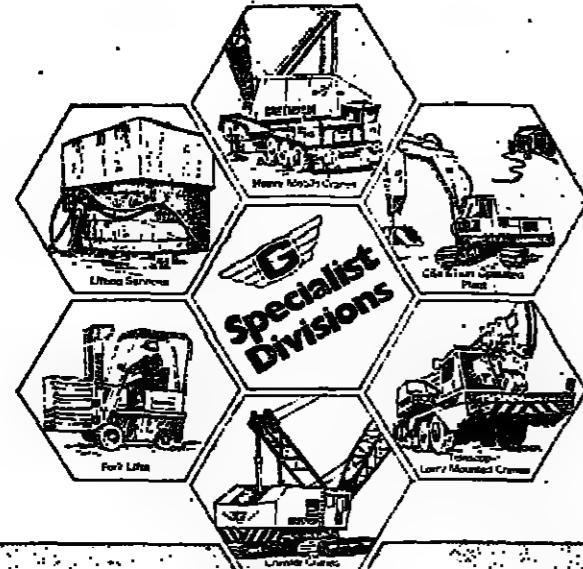
Oliver-Davies is attempting to increase its nominal capital, up the strong earnings growth it has achieved in

FINANCIAL TIMES REPORT

Thursday March 11 1976

PLANT HIRE

While most sectors of the economy have been in the doldrums over the last year, plant hirers are turning in good profits. However, the question to be answered is whether the industry has developed sufficiently to ride out the reduced level of activity in the building industry.



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Profits show upward trend

IS PLANT hire recession-proof?

To judge by the profit figures being reported by some of the biggest names in the business one might think so. While most sectors of British industry have been in the doldrums for well over a year now as the decline in industrial activity has tightened its grip and the promised upturn has continued to be elusive despite the encouraging signs from such things as the Confederation of British Industry's Trends survey, plant hirers have still continued not only to make money but to make more money than ever before.

Take Hewden-Stuart Plant, for example. This once largely Scottish group which is now one of the biggest in the U.K. notched up a 25 per cent profit rise in the six months to the end of August compared with a year before at £1.89m. on a turnover of £16m. (up £4m.). Richards - and needed for proper maintenance. Wellington, another major while plant users are in the civil

For, by its very nature, plant hire always does so well, relatively speaking when recession sets in elsewhere. The reason lies in the service the industry provides. Basically, it exists to save its customers' money: construction and civil engineering companies with their own specialist plant are frequently unable to utilise it to the full. One particular piece of equipment may be needed for one contract and then stand idle until a similar job arises. The hirer, by contrast, can keep his equipment operating to the optimum, moving it from job to job - and customer to customer - as and when it is required rather than leaving it to depreciate while standing expensively idle. Not only is the plant kept active throughout its working life, it is better maintained - because hire companies are in the plant business and able to afford the expertise and need for proper maintenance.

Take Hewden-Stuart Plant, for example. This once largely Scottish group which is now one of the biggest in the U.K. notched up a 25 per cent profit rise in the six months to the end of August compared with a year before at £1.89m. on a turnover of £16m. (up £4m.). Richards - and needed for proper maintenance. Wellington, another major while plant users are in the civil

name in the business and one engineering (or whatever) busi- And this, particularly at a time of Britain's biggest crane mess and have other priorities - rapid inflation with plant hire, recorded a six months and may thus have a longer replacement costs going up fast, could spell trouble.

It is because of this obvious cost-saving potential that plant hire has seen the rapid growth it has. At the end of the last century, there may have been specialist steam-plater contracting companies, for example, but plant hire as it is to-day has a history which goes back not much further than the early 1930s. Fifteen years ago, even the hirers' combined annual turnover was only around the £15m. mark; to-day the 2,000 or so companies in the industry do nearer £450m. worth of business a year between them.

It would, nonetheless, be a mistake to overemphasise the importance of the hirers - the effects of the biggest of them are still a good deal smaller than those of the major civil engineering and construction companies. Indeed, there is a not insignificant number of construction companies with flourishing hire subsidiaries of their own. And, again, there are not that many large hire companies, nor many, if any at all, whose spheres of operations can yet be said to be really national.

What also makes the omens look brighter this time is that the influx of newcomers to the business seen before does not appear to have happened, at least on anything like the same scale. Competition has intensified, inevitably, but the companies providing the competition have tended to be the well-established ones.

None the less, in this sort of situation, the hirers do to a significant extent have to rely on guesswork. The future trend in inflation rates, for example, is something that one would have to be pretty rash to forecast with any certainty. Yet, when it comes to fixing hire rates and to determining an equipment replacement policy, this is something on which the hirer has to take a view. Likewise when it comes to determining plant life; for obvious reasons the current trend is to keep plant for longer than in the past and this involves a fair amount of unknowns, such as when it comes to gauging likely future maintenance costs and eventual disposal prices.

Will it happen again?

Already, as is clear from those company results quoted earlier, there are signs of problems.

Turnover may have kept on growing, but profits, though up too, have not kept pace - the profits increases have been significantly less than the general advance in the level of business.

One of the oldest clichés in the book is to say that only time will tell, but this remains a truism when it comes to the question of whether the hirers have got their sums right. To-day, a good deal depends on whether they have. Somewhere around 40,000 plant users are directly involved, with a good deal more in the plant manufacturing companies taken into account. For the hirers have become their biggest customers, accounting for perhaps 70 per cent of the purchases of construction equipment marketed in the U.K.

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A changing structure

THE PLANT hire industry is relatively new to the U.K. and has hardly penetrated into Continental Europe at all. It is an industry which has very many small operators, 2,000 to 3,000 is one estimate, who mainly provide a useful service in a limited geographical area.

Among the larger companies there has been a steady process of growth and rationalisation and not a year goes by without there being one or two significant alterations in the structure of the industry. Taking a broad view, it seems the recent tendency has been for companies with diversified non-plant hire operations to take a plant hire company under their wings, offering a broader and stronger financial base for the plant hire businesses to work from.

Another feature of recent manoeuvres within the industry has been the attempts some of the major companies seem to be making to spread their own activities a little wider, out of based hire company. Again, this

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CONTINUED ON NEXT PAGE

PLANT HIRE II

Strong influence on equipment design

AS AN INDUSTRY which has boom period for the hire grown in little more than a decade from an annual turnover of only around £15m. to one of well over £400m., the expanding national economy, the pressure was on to increase the efficiency, reliability and sophistication of technology and range of equipment supplied.

Indeed the plant hire companies have not only encouraged the production and use of more advanced equipment but have also had a considerable influence upon machinery design, according to Mr. Ronald Carter, assistant secretary of the Contractors' Plant Association.

The Association itself, formed in 1941 with only 33 member firms, lends testimony to the expansion of the sector as it now claims membership embracing nearly 1,500 of the estimated 2,000 companies in the industry.

The purchasing power of the hire operators has obviously increased their importance to manufacturers of equipment who, Mr. Carter points out, often use the sector as a proving ground for their products.

The interdependence between the manufacturers and the hire operators is illustrated by the Association estimate that around 70 per cent of the construction equipment sold in the U.K. goes for hire. Though plant hire can embrace anything from the offer of a small electric hand drill up to a 300-ton crane, more than £300m. of the estimated annual turnover of the industry is accounted for by the building and civil engineering sector.

Such heavy reliance on one of the nation's most cyclical industries has been a key factor in providing the impetus for technological advance. The very booms and slumps which have beset the construction industry have meant that at times of peak demand there has been inadequate capacity, shortages of raw materials and skilled labour.

Manpower

The need for mechanisation of operations has been apparent in order to cut back on the use of highly priced manpower and to speed up construction times. The trend towards prefabrication and industrialised building systems, so popular in the early 1960s and forecast by many pundits to make a comeback, required more sophisticated lifting equipment for rapid transport and assembly.

The drive to raise the number of housing completions and the increased public sector spending of the 1960s helped to induce a



Grit blasting in Southampton Dry Dock from a William R. Setwood-hired Simon hydraulic platform.

operators have been able to turn attention is towards helping to improve materials handling in manufacturing and distribution systems. The squeeze on liquidity and the penalty of large stockholdings at a time of mounting inflation, has led many companies to make an expert review of materials handling costs.

Inevitably companies have tended to delay purchase of expensive new plant and to try to extend the working life of existing equipment. Obviously there are limits to how long such a policy can be pursued and it is a question of fine judgment as to when the increased maintenance cost of ageing plant becomes greater than the cost of replacement.

Not only have plant hire companies had to contend with recession and reduced demand in their principal markets but also with an unprecedented rate of inflation. Hire is a ran-

down of investment which will leave the industry short of flexibility to meet the next upturn in the business cycle that have prompted appeals to the Government to provide additional incentives to boost construction activity.

The smaller items of manured equipment, where the wages of the operator begin to account for too high a proportion of the hourly rate that the machine can command, are the first to be dropped.

Capacity

Intensive utilisation of expensive equipment is essential if a new purchase is to be economic. But in the present depressed market with surplus capacity, operators are often prepared to quote low rates to ensure that existing machines are standing idle for as little as possible.

Against such a background there is little incentive to make new purchases. But the picture is not one of total gloom. The exploration and development programmes for North Sea oil and gas have created demand for all types of plant and have accelerated the trend towards increased capacity of heavy equipment such as cranes.

However, welcome as the boost has been to the industry, fears have been expressed that the investment taking place in major items of plant could lead to excess capacity within a couple of years.

An interesting trend is the move towards specialisation with particular companies offering a specialist service in sectors such as compressors, piling equipment, generators and pumps. The hire companies have even moved into the high streets to ensure that small items such as hand tools are made available to as wide a market as possible.

Indeed plant hire is a highly competitive sector where the quest for new markets has moved apace even during a period of recession. Operators may be more cautious about new investment but the need to find profitable activities places increased demands upon the technological and innovative resources of the equipment manufacturers.

Arthur Smith



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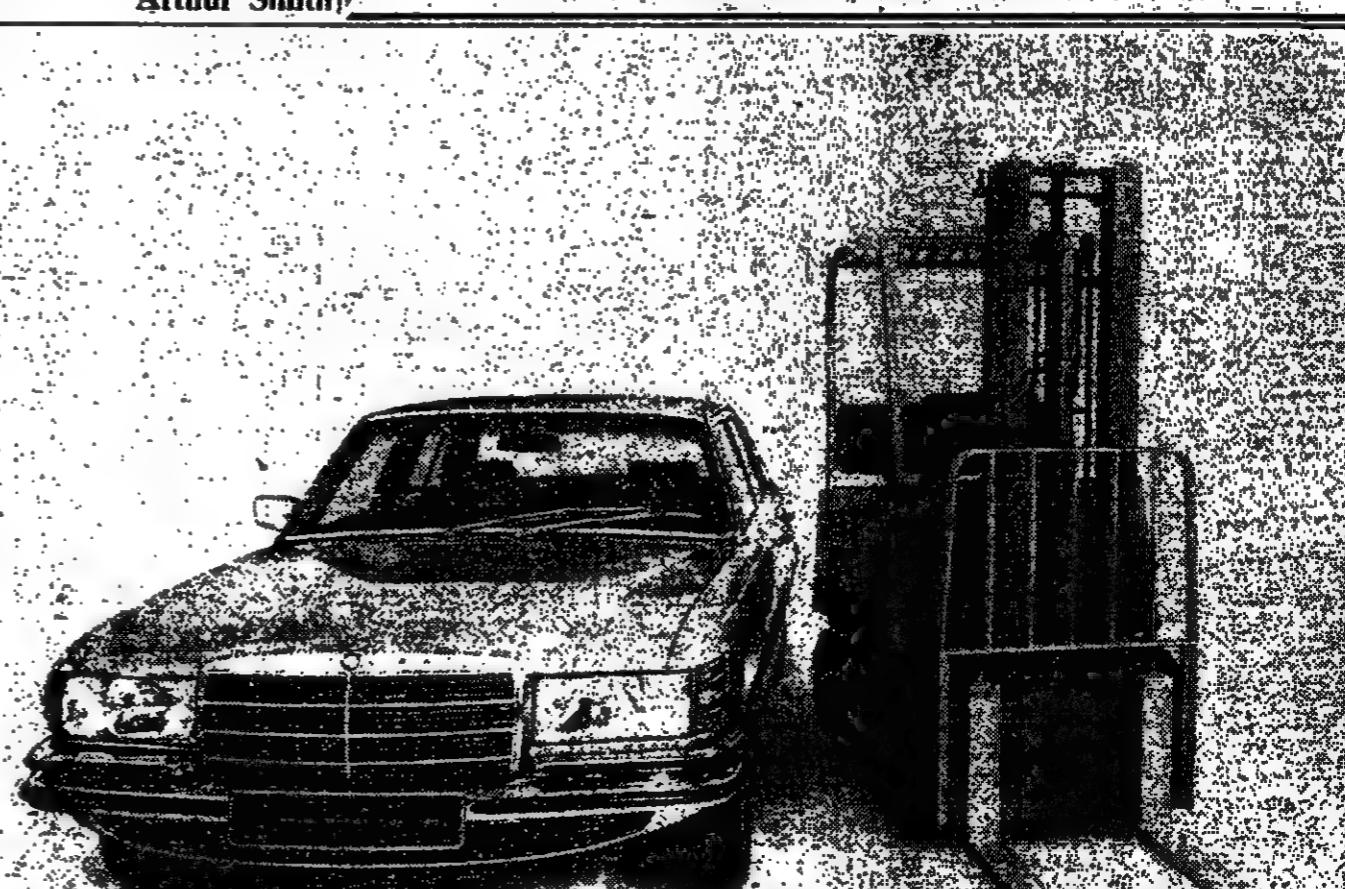
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Structure

CONTINUED FROM PREVIOUS PAGE

acquisition has enabled HS to 23 per cent. of HS turnover largest crane hirer in the world, and 12 per cent. of sales. But Gunn derives about 55 per cent. of turnover from merchandising.

HS holds franchises for Magirus-Deutz, Wabco and Consolidated Pneumatic equipment and distributes JCB plant in Scotland and Cumbria while Gunn is JCB distributor for the Midlands and Wales. Mergers, however, will account for a one-third of the turnover of the merged group.

The deal also established HS as Britain's biggest plant hire group with the combined last-recorded turnover of HS plus Gunn reaching £40m. against £27.7m. and the £17.7m. of British Electric Traction's plant hire businesses (Grayston, Eddison and J. D. White).

Blackwood Hodge remains the largest sales-only concern in the U.K. with a £29.3m. turnover in 1974. Following the four leaders, according to Parsons, come Wyeplant (a subsidiary of the P & O group), Harvey Plant (owned by the Lex Group) followed by a number of smaller quoted companies, mostly with a turnover of £5m. or less, such as G. W. Sparrow, H. Cox, Vibroplant, Allied Plant and Bristol Plant.

Punters

At one stage the plant hire sector was attracting the attentions of stock market wheeler-dealers and that is why so many large shareholdings appeared for sale over the past few years as the punters took either their profits or their losses. R. and W. bought a 21 per cent. stake in H. Cox, for example, but this is matched by a 24 per cent. holding owned by Transport Development Group. It is likely that that situation will be sorted out one day.

It was the package of shares in Contractors Services which were bobbing around for any willing buyer, to snatch up which encouraged SGB Group (formerly Scaffolding Great Britain) to expand its plant hire interests in a significant way.

That was over a year ago and recently SGB reported that CS's results "have justified the cost of the acquisition (£2.25m.) and a strong base is being established for future progress when the climate for construction improves." Success of the plant hire mergers can only encourage the others. It would be very surprising if another year goes by without the industry rearranging itself once more.

Kenneth Gooding
Industrial Correspondent

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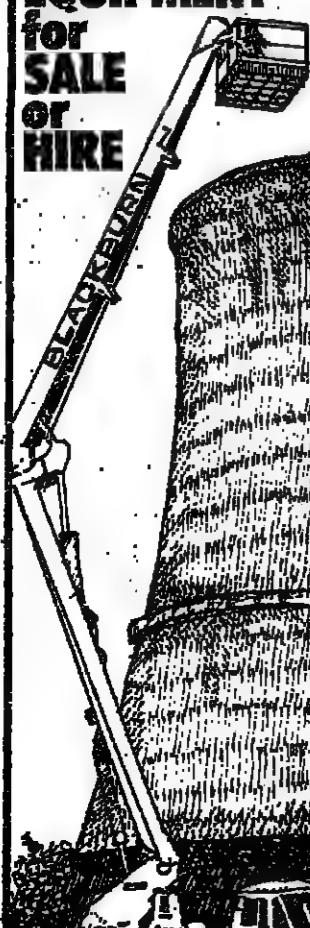
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FINANCIAL TIMES SURVEY

Thursday March 11 1976

CYPRUS

Only an optimist can see the restoration of the unitary State of Cyprus as established at independence in 1960. While peace talks are continuing, the position imposed following the Turkish invasion of 1974 is being consolidated as time passes.

ounds
DW

the island's link with Britain "protect" the minority. No (save for the two U.K. sovereign bases areas at Akrotiri and Dhekelia) was a patchwork affair at best; and indeed one determined in great measure by Britain, Greece and Turkey without much reference to the people of Cyprus as such, or to their community leaders. Its myriads of checks and balances had the effect—whatever the intention at the time—of perpetuating the historic community divide between the 80 per cent of the people who are Greek-Cypriots and the 18 per cent of Turkish-Cypriots (some few Maronites and Armenians go to make up the whole population of 650,000), rather than encouraging the gradual emergence of a Cypriot nationalism.

Defects

It must be admitted, however, that nobody in Cyprus tried very hard to overcome these constitutional defects—on the contrary, the minority initially sought its protection through the implementation of every kind of stop and come of the Zurich and London agreements, while the majority under Archbishop Makarios, the republic's first and still only constitutional president, often acted since independence in a manner which persuaded the Turks that they were being made into second-class citizens.

A recurring war of words gave way occasionally to battles with guns and bombs and sometimes sectarian sackings and firings of whole villages, and it took the personal intervention of the then U.S. President Lyndon B. Johnson to bring about a truce in early 1964 to prevent Turkey from invading the island to territorial rights in the Aegean.

such American pressure was put on Mr. Bülent Ecevit some 20 months ago when as Prime Minister he ordered the Turkish armed forces into Cyprus in the immediate wake of the abortive coup against Makarios engineered by the then ruling junta in Greece.

The Turkish invasion, which Ankara claims was a legal exercise of its rights under the tripartite treaty of guarantee, part of the Cyprus independence package, was represented as a move to restore the constitutional status quo prior to a coup which was seen by the Ecevit Government as a move to bring about Enosis, or the union of Cyprus to Greece. In fact, of course, the invasion and its consequences have just about wrecked the independence constitution, a fact which (un)satisfactorily is now explained away by Turkey's insistence that the two island communities are effectively separated, thus producing "new realities."

The invasion has certainly imposed a solution of sorts on to the Cyprus problem, but at a terrible cost in lives lost—an estimated 3,000 people are still technically "missing," but are almost certainly dead—in property destroyed and damaged and, effectively, in the destruction of Cyprus as an independent, sovereign and unitary state.

There is, of course, now a peace of sorts in Cyprus; indeed, two NATO partners, Greece and Turkey, to the brink of war, than at any time since independence, and certainly since the United Nations. It has aggravated their existing differences over the potentially day 12 years ago this month.

This Survey was written by Dominick Coyle

and, directly, has resulted in the present impasse between Washington and Ankara over U.S. military bases in Turkey with a resultant serious hole in the Western Alliance's Mediterranean defence strategy.

As Archbishop Makarios himself remarked in an interview with the Financial Times at the end of last month, "Cyprus may indeed be a small island, but there can be no peace in the two peoples. In July, 1974, 40,000 troops from the Turkish mainland, backed up by massive naval and air power, started an invasion which in a matter of weeks (the campaign was punctuated by two abortive peace conferences in Geneva) split the island in two, partitioning Cyprus along an irregular line from the rich citrus region of Morphou in the West, through the capital Nicosia and to the sea at Famagusta, for years the island's great holiday playground housing the country's largest hotel and associated tourist complexes.

This then is the background North of that partition line is to the Vienna peace talks in

Frequent reference is made in all bilateral and multilateral efforts at a Cyprus peace settlement to Article 253 adopted by the UN Security Council in July, 1974, when the fighting on the island was continuing. Its provisions were accepted by the Foreign Ministers of Britain, Greece and Turkey at the Geneva peace conference July 25-30.

In substance, the Security Council:

- (1) Calls upon all states to respect the sovereignty, independence and territorial integrity of Cyprus;
- (2) Calls upon all parties to the present fighting as a first step to cease all firing and requests all states to exercise the utmost restraint and to refrain from any action which might further aggravate the situation;
- (3) Demands an immediate end to foreign military intervention in the Republic of Cyprus that is in contravention of operative paragraph (1);
- (4) Requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements;
- (5) Calls upon Greece, Turkey and the United Kingdom to enter into negotiations without delay for the restoration of peace in the area and constitutional government in Cyprus and to keep the Secretary-General informed;
- (6) Calls upon all parties to co-operate fully with UNFICYP (UN Peace Keeping Force) to enable it to carry out its mandate.

Security Council mandate to, in effect, keep the two communities apart. But it is a peace brought about by partition, by the virtual total separation of the two peoples. In July, 1974, 40,000 troops from the Turkish mainland, backed up by massive naval and air power, started an invasion which in a matter of weeks (the campaign was punctuated by two abortive peace conferences in Geneva) split the island in two, partitioning Cyprus along an irregular line from the rich citrus region of Morphou in the West, through the capital Nicosia and to the sea at Famagusta, for years the island's great holiday playground housing the country's largest hotel and associated tourist complexes.

This then is the background North of that partition line is to the Vienna peace talks in

now undisputed Turkish colony. Mr. Denktash, Mr. Gafacos Clerides, who acted as President of Cyprus during the temporary "exile" in London of the island's territory. According to official estimates by the Archbishop Makarios following the abortive coup, and Dr. Waldheim is somewhat exaggerated but not so, the Turkish-held area accounted prior to the invasion for 70 per cent of total tourist output, 82 per cent of tourist accommodation, 83 per cent through Dr. Waldheim's port of general cargo handling son representative in Nicosia, 55 per cent of St. Perez de Cuello. This follows a commitment given by, or 60 per cent of agricultural land and 46 per cent of plant production.

Meanwhile, the status quo on the ground in Cyprus amounts to two quite separate states, each with its own administration, and a border closed to all but official visitors (UN personnel and diplomats), an occasional journalist—but by no means all those seeking permission—and, subject to permission, to British and other non-nationals, who are allowed to leave their homes in the north of the island to shop in the Greek sector of Nicosia, but only in the Greek sector of Nicosia, but only in the way of a settlement.

The Turkish side, now designated officially as the "Federated Turkish State of Cyprus," operates its own passport and customs controls, has its own central bank and will shortly hold presidential elections which are expected to confirm in office the administration of Mr. Rauf Denktash, thus incidentally giving Cyprus two presidents in an area not much more than twice the size of Somerset.

This then is the background to the Vienna peace talks in

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ECU=£1.2555 (December 1975)
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least until after the next Turkish general election.

Greece, too, is directly involved, although the Karmanlis Government in Athens is not always able to mould Archbishop Makarios to its liking and continues to give the impression in private that it

would prefer to deal with the more moderate Mr. Clerides than the allegedly intransigent Cyprus President. The Archbishop, for his part, rejects forthrightly any suggestion that he is personally standing

in the way of a settlement—indeed, he claims that there are critics on the political Left, and by implication at least he is referring to the Socialist leader, Dr. Vassos Lysarides, who are charging him with preparing for a "sell-out."

The fact remains, nonetheless, that most senior Ankara politicians and officials, and particularly the latter, are of the opinion (which is shared by Mr. Denktash) that the Archbishop will never personally sign a settlement document based on a bizonal federation and with a weak central government on which, for all practical purposes, the two communities would be represented equally. And that, precisely, is what the Turkish side is now insisting from the U.S. or elsewhere, at signs of being prepared to com-

Election

Mr. Denktash is in no mood to make big concessions, but ultimately his bargaining position is framed in Ankara where, owing to domestic political considerations, it is unlikely that the two communities would be represented equally. And that, precisely, is what the

CONTINUED ON PAGE IV

"The only trouble in Cyprus is the trouble people take to please you."

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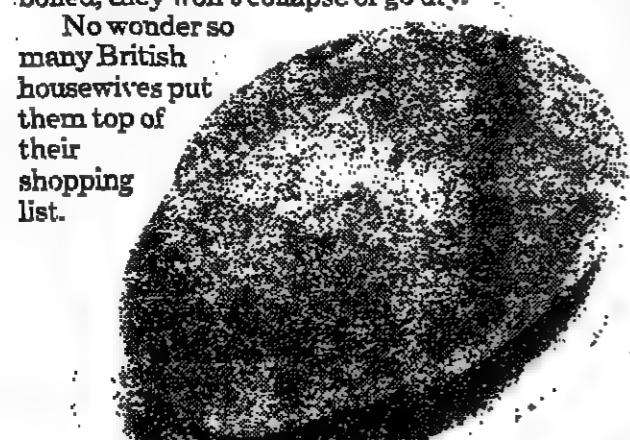
The Greek sector's problems

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SINCE THE ISLAND is now effectively divided and with only minimal communications between the two sides, there is little real alternative here in this Survey but to look separately at economic and social conditions in the two sectors. This is not to equate them in political terms, and it remains a fact that the Greek-Cypriot majority is represented by the established and internationally recognised Government of Cyprus with, at least relatively speaking, all the resources available to government, not unimportantly perhaps the facility to raise capital abroad, of exploiting existing trading arrangements and negotiating new ones.

It is also a fact that the majority sector is open to independent inspection, whereas (perhaps inevitably) the Turkish-Cypriot area remains at least along the border areas—in something akin to a state of near-war with restrictions imposed somewhat unselectively on residents and occasional visitors from the Greek sector alike. In the circumstances, there is the risk of employing differing criteria for economic judgment and evaluation, with the consequences of possibly undervaluing the actual post-invasion performance and achievement on the side that is less forthcoming.

Enormity

On the Greek-Cypriot side, there is no inclination to conceal the enormity of the problem left by the events of July 1974. Mr. Andreas Patsalides, the Finance Minister, had this reference in his Budget speech before the House of Representatives on February 23: "The Turkish Invasion has dealt a heavy blow to the previously booming Cyprus economy. Never before in the modern history of Cyprus has so much catastrophe been caused in such a short period of time. It was not only the case of invasion and occupation of a large part of the most productive area of Cyprus, but at the same time the case, perhaps unique in history, of mass and forcible displacement of one-third of the population of the island from their ancestral homes."

A few figures at random demonstrate just how heavy the blow has been. In the decade to 1971, GDP at constant prices rose by an annual average in excess of 7 per cent, and per capita GNP by almost 6 per cent. Real value added in the agricultural sector over the same period almost doubled, while that of industry increased by 11 per cent. Tourism, an important contribution to the invisibles account, experienced spectacular growth, the number of tourists visiting the island rising from some 40,000 in 1961 to 178,000 ten years later. Unemployment was minimal.

The invasion, however, changed all that. Apart from close on 200,000 immediate

refugees, registered unemployment at the end of 1974 was economy, or at least what was left of it on the Greek-Cypriot side. The first priority was housing of sorts and the provision of basic nourishment, in itself a virtual nightmare of organisation. Fortunately this latter was greatly facilitated through personnel and financial assistance from outside relief agencies, and to a surprisingly large extent by voluntary contributions from Greek-Cypriots living abroad, principally in Britain, the U.S. and Australia.

Immediate

An immediate measure, wages and salaries of those still employed were reduced by law by up to 25 per cent, in part to bring them into line with reduced actual production, but also in an attempt to introduce a more equitable distribution of available income in the population generally.

The Government's response to this very real crisis was to prepare a detailed emergency economic action plan covering the two years 1975-76 and, surprisingly to anyone who saw conditions in Cyprus in the immediate aftermath of the lighting, Dr. Patsalides was able to report in his Budget address last month that "a further decline of the economy has been arrested and its revival has been achieved... the signs of recovery and reactivation are apparent." It is, in truth, and without in any way minimising the extent of economic recovery yet to be achieved before Cyprus can get back to 1973 standards, an impressive illustration of what the Minister referred to as the "perseverance, persistence, faith, boldness and determination" of the Greek-Cypriot people.

The aftermath of the invasion left the Government with two fundamental problems—the provision of immediate relief and assistance to the refugees, most of whom had travelled south before the invading Turkish army literally with nothing but the clothes they were wearing; and making some

start to a reactivation of the economy, or at least what was left of it on the Greek-Cypriot side. The first priority was housing of sorts and the provision of basic nourishment, in itself a virtual nightmare of organisation. Fortunately this latter was greatly facilitated through personnel and financial assistance from outside relief agencies, and to a surprisingly large extent by voluntary contributions from Greek-Cypriots living abroad, principally in Britain, the U.S. and Australia.

economic activity through a have been reduced, and greatly expanded public sector, are special tax allowances and even to-day the private encourage exports.

sector is slow to commit itself. The Government can to new developments. To be criticised for its con-

Central Bank has creased off to the crash program some of the excessive liquidity reactivation, but the of the banking system into a sector could certainly be

special fund to finance priority active and enterprising projects, and the banks are subject to penalties if they main-

tain a liquidity ratio above a spirit of co-operation, as prescribed minimum, but termination left in its wake

some of the banks complain that insufficient "sound projects" are coming forward. The drive

for industrial and agricultural resources into consumption

allowances. A tax amnesty has

been granted in respect of assets held abroad at the time of the invasion, and interest earned on repatriated assets is tax exempt for five years. Import duties

are already rumbling, as the moment arrives

criticism is directed at the burden of support

refugees.

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Two-way traffic of refugees

REFUGEES ARE an inevitable consequence of war, but they yet surrender these areas, if not totally to the Makarios Government, then under some complicated further in the case of form of independent and possibly interim mandate such as the UN.

Inevitably, perhaps, there is some discontent among Turks who have come from the south, usually to do with allegations that housing allocated to them is inferior to their former homes. But the Greek-Cypriots driven out of the north are much the more potent force. They feel most strongly the injustice of the invasion, since very many of them (whether justified or not) genuinely feared retaliation at the hands of Greek-Cypriots for what was seen to be excessive by the invading army.

It is also a fact that the Turkish-Cypriots from the south are not refugees in the generally accepted term, since there were adequate Greek-Cypriot homes vacated before the advancing Turkish Army to provide accommodation for Turks moving from the south. They were, of course, particularly happy in the immediate aftermath of the Turkish invasion, since very many of them (whether justified or not) genuinely feared retaliation at the hands of Greek-Cypriots for what was seen to be excessive by the invading army.

The Greek-Cypriot refugees presented a much different problem, and indeed many of them still do. Some have found new homes, others accommodation with friends, and still more are now in new low-cost housing provided by the Makarios Government. There are, however, still more than 20,000 in tents, and an equal number in temporary accommodation which is unsuitable in the extreme. These 400,000 odd are the real refugees in the accepted sense of the word, although of course all have been driven from their homes in the north, perhaps as many as 100,000 from the Famagusta and Morphou areas—a potentially important qualification since persistent but unofficial speculation suggests that Turkey and the

so. This is a permanent drain of the best and most experienced workers which Cyprus in the long term just cannot afford.

It would be quite wrong to suggest that people are leaving Cyprus because the Makarios Government is in some way unconcerned for their future or is working without resolution in trying to provide them with adequate housing and suitable job prospects. This is not, in fact, the case, within the resources available to the administration, but it is a fact that the Government is less than anxious to publicise widely its thus far considerable achievement in attending to the acute refugee problem, not least perhaps because an end to the Cyprus refugee problem will, inevitably, mean that there is less "material" available on which to continue the propaganda case that Cyprus deserves the attention of the world in her hour of real human need.

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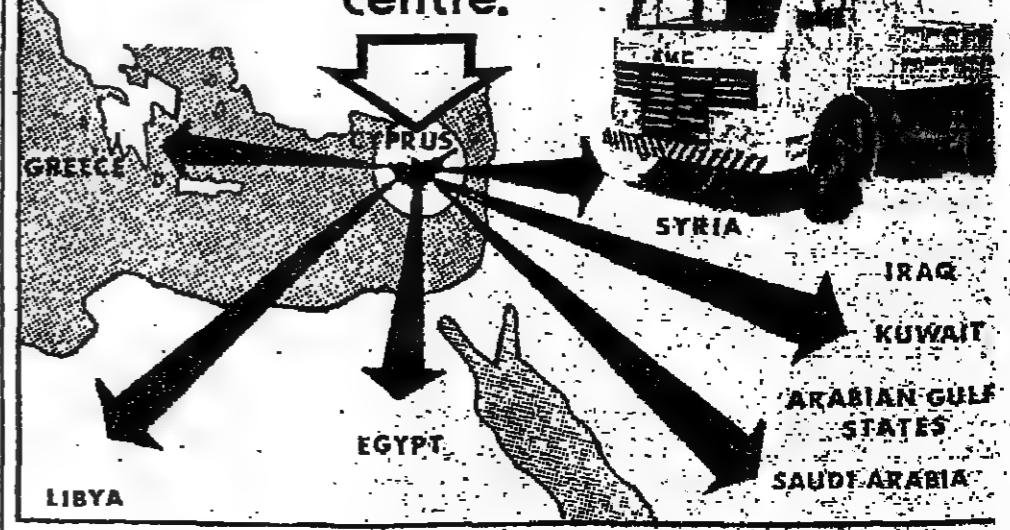
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CYPRUS III

Turks build up administration

THE LIGHTS are still burning brightly in the Turkish-held area of Cyprus. This is neither a facetious remark, nor one made in a mood of condescension, but it does point up an interesting situation, and also one of the very few remaining areas of co-operation between the two communities. Co-operation is, perhaps, too defined a description, since it suggests something positive—in fact, the national electricity undertaking controlled in the Greek sector continues to serve the island as a whole, as indeed it has done since the outbreak of inter-communal fighting back in 1963; this is as much as a propaganda exercise as anything else. Turkish-Cypriot officials also add their own explanation for the continuation of the service, suggesting that if the Greek sides cuts the power supply, the Turks will retaliate by closing off the water flow to the majority population, or at least that part of it which they control in their region. It is an arrangement which has its own logic, although no money actually passes to the Greek side for the electricity consumed in the Turkish-Cypriot sector.

It is, however, just another illustration of the divide between the two communities that each administration is planning for its own self-sufficiency: the Turkish side is building up its generator capacity, while the Greek Cypriots are urgently drilling for new water wells in the area under their control. "Each administration" is nowadays an accurate choice of phrase, and the "Federated Turkish State of Cyprus" is now effectively in being under the leadership of Mr. Rauf Denktash. It is gradually taking on the structure of a government, with its own "ministries" and supporting personnel, and for the first time in some 400 years all Turkish-Cypriots on the island live as a separate community, other than Greeks and some foreign nationals (mainly British) who remain in the Turkish sector, at least for the time being.

Assistance

Financial and technical assistance is coming from Ankara and is being co-ordinated by a special ministerial committee under Professor Turhan Feyzoglu, a deputy prime minister and leader of the small Republican Reliance Party, a breakaway faction from the Republican People's Party of Mr. Ecerit.

Also coming from Ankara, or more correctly from other parts of Turkey, are people who are being transplanted into Cyprus. Although this had never been admitted officially by Turkey or by the Denktash administration. It remains a fact, nonetheless, and the numbers involved would appear to exceed the requirement of technicians and "seasonal workers" who, it is acknowledged officially, are coming from the mainland. What is more, there is some evidence, particularly in the Famagusta region, that all is by no means well in relations between Turkish-Cypriots and these people who have arrived from Turkey proper.

In the absence of any official comment, it is difficult to determine the precise motivation for bringing in people from the Turkish mainland, although most Greek-Cypriots insist that it is a deliberate plan to alter radically the population mix in Cyprus as a whole in order to make more acceptable internationally the Turkish-Cypriot claim to close on 40 per cent. of the island's territory, although prior to the invasion there was general agreement that Turks represented under 20 per cent. of the population.

However, Mr. Denktash, both in the Vienna settlement talks and in private exchanges, argues that people should not be the sole criterion for land apportionment. Also, he has produced figures showing a considerable reduction since 1911 in the number of Turkish-Cypriot and mixed villages on the island, a reduction which, he claims, was in part brought about deliberately by the Greek-Cypriot side during the EOKA terror period prior to independence and since then by the sectarian policies of Archbishop Makarios and his more militant supporters.

"One conclusion which we can draw," says Mr. Denktash, "is that the population exchange which was agreed of course, dropped, since the upon in the third round of Vienna talks and implemented under Turkish-Cypriot control, fully in September (last) has established in Cyprus not only were some two-thirds lower than a population exchange, but also a village and therefore a land exchange. What remains to be

done is to find out what the "girle" magazines, including ties, albeit not ones currently value of land so exchanged is. Then a question of compensation will arise. Compensation is a matter to be discussed in any case, because the damage done to the Turkish-Cypriots since December, 1963, is immense!"

This thesis, whatever its accuracy—and the figures are certainly disputed on the Greek side—is a matter for negotiations proper. For the moment Mr. Denktash shows no optimism that a settlement is imminent, and his administration is now getting down to running the two-fifths of the island under its control. It is, of course, an immense task even in organisational terms, since the minority side has had, for all practical purposes, no administrative structure. "It was," said one official, "not a matter of walking in and taking off from where the Greeks had left. We had to start from scratch."

Settlers

Turkish Cypriots, most of whom lived virtually outside the island's economic life for well over a decade owing to the inter-communal tension and conflict, did not, following the invasion (or the "peacekeeping operation," as it is defined officially on the Turkish side), have adequate means to reactivate the economy quickly. Capital accumulation, managerial skills, technical knowhow and personnel, hard currency reserves and many other essential ingredients for speedy development were either absent or in extremely short supply. This situation was aggravated by the fact that more than half of the population are new settlers from other parts of Cyprus, many of whom are still by no means fully productive. Infrastructure deficiencies, not least the lack of a modern airport and telephone and telex facilities, were major obstacles, particularly to the promotion of foreign trade and tourism.

Now there is a lot of activity in the Turkish zone of Cyprus. Ercan airport (formerly Tumbou) is being developed and expanded to handle big-bodied aircraft. Greek villages between Ercan and the Turkish sector of Nicosia are now occupied by settlers. In the plain, fields are green with wheat and barley, and something of a small metropolis exists in the Turkish area of the capital, even down to some nasty traffic jams in Ataturk Square. Many items remain in short supply, notably spare motor parts, and there are curiosities near excesses elsewhere. I counted 17 come from Greek-owned proper-

ties. I counted 17 come from Greek-owned proper-

Exports led by manufactures

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—1976 Budget statement. GOOD PROGRESS is being made by Greek-Cypriots in orienting what is left of productive capacity towards exports. Total exports last year reached £25m. with a particularly significant contribution coming from the manufacturing sector, such as cement (fortunately capacity there had been raised sharply before the invasion), paper and board products, metal goods for the construction industry, leatherware, furniture, clothing and footwear. Indeed, the share of manufactures in total exports rose from 25 per cent. in 1974 to close on 42 per cent. last year.

Britain remains Cyprus's largest trading partner, but new and potentially important markets are being opened up in a number of Arab countries, and efforts are continuing to expand sales to the USSR and East European countries generally. The first Cyprus International Trade Fair opens on May 15 in a new 270,000 square metre exhibition complex on the outskirts of Nicosia, and it is interesting to note the countries which have already committed themselves to participation: Greece, the USSR, Egypt, Czechoslovakia, Bulgaria, Romania, Yugoslavia, Syria and Libya.

Agricultural exports last year, which was agreed of course, dropped, since the main products are in areas now under Turkish-Cypriot control. Thus, farm exports at £23m. established in Cyprus not only were some two-thirds lower than a population exchange, but also a village and therefore a land exchange. What remains to be

Processed

Imports have generally been depressed, although they must inevitably increase relatively sharply as the economy again expands, with potential balance of payments difficulties. In the January-September period last year, virtually all import categories declined over the comparable 1974 level, other than a marginal rise in processed foods and beverages and a sharp increase in fuels and lubricants—higher by 62 per cent., mainly due to higher world prices. There was a sharp cutback in imports of machinery, transport equipment and industrial supplies.

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CYPRUS IV

The tourist trade soldiers on

THE GOVERNMENT'S Third Five-Year Development Plan projected originally that the island as a whole would attract 44,000 tourists in 1976 yielding an estimated revenue of £C42m. and utilising an infrastructure of 26,000 tourist beds. Now the hope is that this year there will be 75,000 long-stay visitors to the part of the island under the writ of the Cyprus Tourism Organisation, a region which is reduced to just over 4,000 tourist beds, with another 1,000 scheduled to become available at the end of next month. Last year, excluding day visitors, there were 47,000 tourists and they spent an estimated £C6m. In 1973, the last full year prior to the Turkish invasion, Cyprus attracted more than 250,000 tourists and a revenue in the region of £C30m.

Tourism, of course, has for many years occupied a key position in the island's economy. In 1973 it contributed more than 15 per cent of total earnings on current account and employed in all its aspects some 10,000 people—many of whom incidentally are now working in Greece. The invasion and the effective partitioning of the island has left four-fifths of all tourist beds in the Turkish-held sector, mainly at Famagusta and Kyrenia. Nicosia International Airport remains closed since the war to civilian traffic and Cyprus Airways, the national carrier, is endeavouring to rebuild its fleet, all its aircraft being either damaged in the fighting or still trapped in

Ayia Napa. There will be units already under construction, as a number of Scandinavian charter flights this summer, as well similar capacity are going up, but to most old Cyprus travellers, they are no match for Famagusta and Kyrenia in pre-invasion times. What has not changed, of course, is the Cyprus sun, or the friendliness and hospitality of its people. Prices too remain competitive particularly when you consider that Cyprus is continuing with its traditional up-market position in the league of tourist countries. No one, for example, can complain about an hotel and breakfast up in the Troodos Mountains during the skiing season for less than £24 a head.

The marketing campaign of the Cyprus Tourism Organisation is being concentrated principally in Britain, West Germany, Scandinavia, Greece, France, Benelux, the U.S. and the Middle East, and preliminary indications for the coming season are said to be extremely encouraging. The big problem, of course, is the loss to the Turkish-Cypriot region of virtually the whole of the island's tourist infrastructure, not just hotels, but also beaches and supporting amenities. All the evidence suggests that the limitation on tourist numbers this year will be the number of actual beds available, and many new projects already approved (and for which generous Government loans are available) will not be completed in time for the new season.

Four hotel units with a total capacity of 500 beds are already in operation, primarily in the industrial south-west, and two of these

Limassol and Paphos already

have their own attractions, as

indeed they have had for many years, but to most old Cyprus travellers, they are no match for Famagusta and Kyrenia in pre-invasion times. What has not changed, of course, is the Cyprus sun, or the friendliness and hospitality of its people. Prices too remain competitive particularly when you consider that Cyprus is continuing with its traditional up-market position in the league of tourist countries. No one, for example, can complain about an hotel and breakfast up in the Troodos Mountains during the skiing season for less than £24 a head.

Packages

Most of the U.K. tour operators who have traditionally featured Cyprus have resumed promoting the island, or rather the Greek-Cypriot sector, and many attractively-priced packages are now on offer for 1976. Last year some 40 per cent of all tourists were British, and this ratio is expected to be maintained this year, the other big market sectors for the Cyprus Tourism Organisation being Germany and Scandinavia, particularly Sweden. Cyprus is also becoming a favoured holiday centre with foreigners working in the Gulf Arab States.

The political crisis remains in Cyprus, but visitors need have no fear in present circumstances for their safety: indeed, as noted elsewhere in this Survey, Cyprus is probably more peaceful now than at any time since 1963, even if it is a peace (whether temporary or permanent) bought at a terrible price. Secondly, the Makarios Government has declared forbidden all ports in the Turkish-held area, a decree which of course it is in no position to enforce, other than to dictate that "tourists are allowed to enter Cyprus only through the Larnaca airport and the harbours of Larnaca, Limassol and Paphos." There is no freedom of movement between the two sectors.

Turkish plans

GREEK-CYPRIOTS have traditionally been the hotel operators and restaurateurs of the island, although there are notable exceptions, not the least some excellent Kebab houses run by Turkish-Cypriots. To-day, however, most of the island's tourist facilities are in Turkish-held territory, including an estimated 10,000 hotel beds. The vast tourist complexes in the Famagusta region and, to a much lesser extent, in the northern harbour town of Kyrenia are virtually all under Turkish-Cypriot control, although of course the question of ownership is a different matter entirely.

Unlike other Greek-Cypriot areas, the new town of Famagusta has not been resettled with Turkish-Cypriots (giving rise to expectations—or at least to hopes—that it is negotiable as part of any territorial settlement), but many hotels in the region are operating and are being offered as part of extremely inexpensive holiday packages to Turks on the mainland. For example, one week's full board at the big Salamis Bay Hotel, including the round trip by air from Turkey, is on offer for less than £70.

Much cheaper packages are available, either with second virtually all of them from chain hotels or transport by Turkey itself, representing an income of £30m. Turkish lira it seems that the only restriction was the limited capacity on projecting a 60 per cent increase this year and believes

that one-fourth of the total will be from Western Europe. It remains to be seen, however, which carriers will join Turkish Airlines in services into Ercan port scheduled for May will bring contracts from European seaborne capacity. Official tour operators, travel agencies and airline companies say that there were

several thousand tourist arrivals last year.

The Turkish-Cypriot administration, and particularly Mr. Caglar Yasar, the man with responsibility for tourism development, believe that there will be a major increase in the number of arrivals this season with the greatly expanded facilities at Ercan Airport and with new building contracts from European

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ARMING AND RAW MATERIALS

World rice output to rise sharply

WASHINGTON, March 10.

OPTIONAL CROPS in Asia have helped push world output to an estimated 332.4m. tonnes, the Agricultural Department said.

The latest estimate, based on information collected around the world, indicates an increase of 3.5m. tonnes or just under 1 per cent over last year's forecast, and a 7 per cent rise on the record output of 328.7m. tonnes.

All exportable supplies are estimated this season in excess of 330m. tonnes. But, because production in several of the major Asian countries has increased, their import needs are expected to be smaller. This probably will result in trade falling to only about 7.2m. this season against 7.5m. last season.

The production upturn is demand down. USDA foreign stocks at the end of the season, at 14.4m. tonnes, are 1.10.5m. a year earlier.

Norway issues mining limits proposals

by Gloter

OSLO, March 10.

NAY IS sending draft

limits to every country

long-standing "fights" in

Norwegian waters, the

Asian Government has

announced the bands of the

Government concerned before the next

session of the Law of the

Sea

opens in New York

week, are based on the

scale of the 200m He

line zone.

A staff assessment on the sub-

ject was given to the USSR last

following four days of

talks here on law of the

seas. Mr. Jens Evensen,

Minister of Fisheries-Limits Minis-

ter, has been invited to Moscow

second half of May to dis-

cuss further limits with Mr.

Ivanov, Russia's

Minister for Fisheries. An agree-

ment with Iceland, based on

and fishing fleet controls

already been drawn up and

is being soon.

But, the fall in sterling is

way's biggest worry at the

time—that negotiations

the EEC countries could be

ed if the Nays cannot agree

on the autumn on a joint

regarding fishing limits.

H. Magnusson reports

Reykjavik; Iceland has

to allow 46 small Nor-

ic trawlers to fish inside

ilaterally declared 200

fishery zone.

COMMODITY MARKET REPORTS AND PRICES

SE METALS

tin in short supply provided

in the International Metal Exchange.

In Copper, prices

are bound to remain speculative

at the moment, due to present

Official price, U.S. £ per tonne

STOCK EXCHANGE REPORT

Equities make modest progress in quiet trading Share index up 2.7 at 414.1—Properties still nervous

Accounts Dealing Dates Option

*First Declara Last Account Dealings Dates Day

Feb. 23 Mar. 4 Mar. 5 Mar. 13 Mar. 8 Mar. 18 Mar. 19 Mar. 30 Mar. 11 Apr. 1 Apr. 2 Apr. 13

Next time dealings may take place from 9.30 a.m. two business days earlier.

Equities staged a modest improvement yesterday, although activity was at a low level, official markings of 7.121 were the lowest so far this week.

By way of contrast, British Funds succumbed late to the fresh slide in sterling, after holding up reasonably well for most of the day. Short-dated stocks ended with gains ranging to 1.5 per cent, while major sectors such as *Medicines and Drugs*, *Government Securities* and *Properties* closed flat. Equities staged a modest improvement yesterday, although activity was at a low level, official markings of 7.121 were the lowest so far this week.

The equity leaders made an easier start, but buyers became a little bolder and earlier falls of a few pence were more than erased by the close. Down 2.3 at the lowest of the day at 11 a.m., the F.T. 30-share index closed 2.7 up on balance at 414.1.

Overall, the trend was to higher levels, although the Property sector remained easier and rather sensitive pending the outcome of the Amalgamated Property and Construction situation. Rises in falls by 3.4 in FT-quoted Industrials, while the F.T. Actuaries All-Share Index improved 0.7 per cent to 148.57.

Sterling's fresh weakness prompted another outturn in investment currency premium which, although expanding another 1.1 per cent, closed 22 higher at 105.1 per cent. Yester-

day's SE conversion factor was 0.68926 (0.6865).

Brokers up again

Insurance Brokers took Tuesdays' good advance a stage further yesterday as buyers continued to be attracted to the sector by its strong overseas earnings potential. C. G. Smith on 6 more, at 292p, as did Wedgwood, Forster to 235p, while Alexander Howden hardened 2 to 147p. Up 15 on Tuesday in response to take-over talk, Leslie and Godwin eased to 124p initially on the chairman's reported denial of a possible 170p cash offer from Jardine Matheson, but rallied late to close 2 better on balance at 128p. Among firm Composites, Guardian Royal Exchange added 9 to 229p, while *MetLife* rose 10 to 225p. The Government Securities index eased 0.6 to 52.32. Initially sentiment had been helped by the Chancellor's threat of further public expenditure cuts if the Government's current measures failed to secure a radical improvement in the economy.

A sensitive market on Tuesday following the suspension of Amalgamated Investment and Property, the big four Banks again began cautiously but gradually gathered confidence as the day progressed to close at, or near, the day's best. Barclays, 288p; Midland, 283p; National Westminster, 230p, were all 2 higher but Lloyds ended only 2 higher at 225p, the "new" nil-paid shares continued to attract a good turnover and, after slipping in 15p premium, rallied to close unchanged on the day at 15p premium.

Consideration of the group's substantial export potential con-

tinued to attract buyers to Distillers which firms 3 to 151p.

Louis Gordon, however, receded up 3 to 78p and Farm Feed improved 4 to 39p.

Television Contractors continued

to benefit from the upward tendency in Army, Scottish "A" closing 11

GKN, 342p, and Tube Investments,

Buildings closed selectively harder at 341p and Associated 336p, both of which rose 4. Still stocks contrasted with a fall of better. Marchwell were outstanding at 114p, up 10, following the chairman's statement, while Taylor Woodrow, 288p, and Costain, 242p, put on 8 and 10 respectively. E.P.B. Industries were raised 6 to 151p. A.P. Cement 5 to 197p and Tunnel B 4 to 196p. Gaillard Brindley

Photographic

were notable for a rise of 3 to 85p,

while gains of 4 were recorded by Matherne, 185p, W.H. Smith

3.32p, and Audiotronic, 5.17p.

Associated Electrical Industries

continued to lead the trend, rising 11 to 145p, while Hunt and Plessey

closed 2 to 135p and Gratian Warehouses 3 better at 103p. In Shoes, Headlam Sims and Coggins responded to Press com-

ment with a rise of 2 to 17.9p.

Geo. Oliver "A" improved 5 to 32p.

Electrical leaders fluctuated narrowly before ending 2 little better for choice. E.P.C. recovered to improve another 3 to 125p ahead of the pending preliminary results. Thora Electrical, 280p, was also 3 firmer, while Plessey closed a penny up at 161p and GEC, after moving a penny either way, closed unchanged at 161p. Interwest, named in E.M.I., 161p, although having retained 3 until retrieval, finished 2 firmer at 161p, after 6p.

BSR softened 2 more to 114p on

high of 400p. Elsewhere in Chemicals, Fisons, at 383p,

recouped 2 of the previous day's loss of 18 which followed the "rights" issue proposals and preliminary figures. Reverte moved

up 3 to 78p and Farm Feed

improved 4 to 39p.

A trendless Engineering sector

was notable only for a continua-

tion of the upward tendency in

Army, Scottish "A" closing 11

GKN, 342p, and Tube Investments,

closed a penny harder at 341p following Press comment. Contrasting movements were seen in Cement-Roadstone, 2 firmer at 71p, and Mireconcrete, 2 cheaper at 75p, following their respective "rights" issue proposals and preliminary figures. Francis Parker, however, became 2 higher at 235p, while Bowater closed 2 firmer at 161p, after 6p.

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5-6 Mincing Lane, EC3V 0EE, 01-8234051															
Gartmore Fund Managers (a) (b)															
2 St. Mary Axe, EC3A 8BP, 01-2233501															
Legal & General Tyndall Fund															
18 Caxton Road, Bristol, Div. Unit Feb 11, 1984 01-2231050															
1. American Tel. 25.6 0.2 1.44															
2. British Tel. (Acc.) 35.7 0.2 0.53															
3. Capital Fund 132.9 0.5 2.20															
4. Exempt Fund 67.2 0.2 1.45															
5. High Income Tel. 48.8 0.1 10.85															
6. Income Fund 55.7 0.4 1.73															
7. Investment Acc. 111.95 0.04 3.08															
8. Life Fund 14.8 0.4 1.34															
9. Retirement Acc. 15.9 0.04 0.01															
10. Tax Free Acc. 15.9 0.04 0.01															
Price on Mar. 10. Next sub day Mar. 17.															
The British Life Office Ltd. (a) (b)															
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2. British Life 56.9 0.9 5.80															
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FINANCIAL TIMES

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State to buy Burmah Ninian stake

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT is to buy operator for the Thistle Field Burmah's interest in the and to participate in other North Ninian Field for at least £50m. Sea activities.

The nature of the joint arrangement and the amount of compensation to be received by Burmah are still in the early stages of negotiation.

Burmah's 21 per cent. stake in the Ninian field will be transferred immediately to the British National Oil Corporation, as widely expected. In addition BNOC is to have a majority interest in a new joint exploration and development company which will be formed out of Burmah's other North Sea assets.

This will give the Government—through the Corporation—control of Burmah Oil Development's interests in the important Thistle oil field, the Amethyst and Broken Bank gas fields and a number of other offshore licences.

Negotiations

When negotiations are concluded later this year, the new company will take over as operator of the Thistle Field from Burmah. At the same time the 25% Burmah Oil Development staff will come under the effective control of BNOC, giving the Corporation the injection of expertise it has been seeking.

Burmah said last night that the agreement in principle to form the new joint company recognised the importance of keeping the exploration and development teams together. The existing management and expertise would be retained as

Burmah will also be helped by being relieved of its capital commitment in the Ninian development. Mr. Anthony Wedgwood Benn, Energy Secretary, said yesterday that BNOC would have to inject some £50m. before the field is producing in 1978/79. Burmah feels, however, that it would have had to find nearer £200m. if it had remained in the Ninian operating group.

Reserves

Ninian has recoverable reserves of about 1.2bn. barrels of oil, according to the operator, Chevron. As such, it is one of the largest finds in the UK sector. Thistle, in which Burmah has a 16 per cent interest, has around 450mn. barrels of recoverable reserves. It is due to come on stream next year.

Mr. Wedgwood Benn welcomed this latest agreement, which follows hard on the heels of Continental Oil/Gulf Oil participation deal. The British National Oil Corporation was beginning to 'become real,' he said.

Through the Corporation's interests in the National Coal Board's offshore interests, Burmah, and the Conoco/Gulf concessions, the Government had been assured of access to 6m. to 7m. tons of oil a year by the early 1980s. If royalties were taken in kind (oil) rather than in monetary terms, the Government would have 15m. to 30m. tons of oil to its name.

Ford and Carter win in Florida

BY DAVID BELL

ORLANDO, Fla., March 10.

PRESIDENT FORD and Mr. Jimmy Carter, the former Georgia Governor, were the clear Republican and Democrat winners in yesterday's Florida primary, which dealt a serious blow to Democrat George Wallace who had expected to repeat the victory he scored here in 1972.

But Senator Henry Jackson, the surprise Republican victor in Massachusetts a week ago, also did better than expected and his performance here should have strengthened his chances of winning the key New York primary next month.

The turnout was higher than expected, in spite of bad weather in some parts of the State and, with almost all returns in, President Ford received 52 per cent. of the vote in the Republican primary and Mr. Reagan 47 per cent.

On the Democratic side, Mr. Carter won 36 per cent., Governor Wallace 31 per cent. and Senator Jackson 23 per cent. The balance was shared by a number of other candidates.

Three weeks ago the President was openly discussing the possibility that he would lose. Mr. Reagan, however, had his campaign won another minute and he said today that he was "overjoyed" by his victory, which he celebrated by calling a Florida orange.

Mr. Reagan is going to have to do very well in next week's Illinois primary, where Mr. Ford is much better organised than he was in Florida. To avoid charges that his campaign has run out of steam, he said today that he would fight to the end, but Mr. Ford's staff believe that his challenge is all but over.

If this is the case, Mr. Ford may now feel himself freer to act on such critical issues as a new strategic arms agreements though he will have to watch Mr. Jackson, another of his foreign policy critics. Criticism of the "Ford-McMaster foreign policy" from Mr. Reagan has undoubtedly caused Mr. Ford to move with great caution in the past few months.

Wallace and Reagan at bay, Page 4

Worker participation call
Page 12
News Analysis, Page 3

TUC to decide pay policy after Budget

BY ROY ROGERS, LABOUR CORRESPONDENT

TUC LEADERS yesterday impressed on Mr. Denis Healey, the Chancellor of the Exchequer, that their views on future pay policy would be "particularly influenced" by the effect of his April Budget on unemployment and prices.

The TUC delegation, led by Mr. Len Murray, general secretary, was unable, however, to give the Chancellor any indication of their thinking on the form of wages policy to replace the £6 limit which expired in July.

They are not due to consider the matter until after the Budget. Immediately before meeting the Chancellor, the TUC economic committee drew up its timetable for pay policy discussions which they will begin in earnest next month with the aim of concluding their recommendation by May 20.

This is a month earlier than suggested by the TUC's office staff, who also suggested a "consultative" conference of TUC union executives to discuss pay and other issues.

The economic committee decided to shelve the special conference idea. Some of them saw it as little more than a "talking shop" and a platform for those opposed to any form of continued voluntary policy.

The scene is therefore set for the TUC pay debate to get underway next month when the main

Action by train drivers may be made official

BY OUR LABOUR STAFF

INDUSTRIAL action by train drivers which is causing widespread disruption in the Eastern Region, may be made official tomorrow and spread to other areas, unless British Rail agrees to further negotiations. The action is in protest at cuts in services.

The executive of the drivers' union, ASLEF, decided yesterday to seek an assurance from the railway management to-morrow that the controversial cuts in Eastern Region services should be suspended to allow talks at

national level to find an agreed solution.

If British Rail refuses to comply, the executive will meet again to-morrow to decide what action to take.

In the meantime, the union is ordering its members to work normally until the executive has reached a decision.

It was not clear last night to what extent the striking Eastern Region drivers would comply. During the day, according to EPTU services were disrupted "very seriously."

News Analysis, Page 12

Continued from Page 1

Pound loses three cents at \$1.91

full benefit from the expected world-wide economic recovery.

The main danger which the Bank identifies is to industrial investment, where the response could be "too late and too small." Past performance, it is generally accepted, has been inadequate and investment will take some time even to regain its previous peak.

"Ideally, investment should provide an unusually large part of the impetus to expansion in the next phase; and if room is to be left for this, the probability of greater investment should be clear at not too late a stage."

But the Bank adds: "while more than a normal cyclical recovery is needed, a less than normal recovery is quite possible."

The impact of inflation on profitability in industry and the possibility of renewed liquidity problems in industry—if there were a particularly rapid recovery, are among the main problems. Because of these adverse factors, the Bank argues, it is important to find ways of encouraging investment.

Price controls are probably not an effective constraint on prices. But they could soon become a problem—afflicting investment intentions as re-

covery proceeds and the Bank has had considerable evidence that companies are assuming that the present controls will continue in force for some years.

"It is important," the Bank says, "that firms should have assurance that price controls, while they continue, will not be such as to prevent a rebuilding of profits." Modifications to the Price Code should be made soon, before the problem becomes dominant, and "these should be specially directed towards making cost-cutting investment clearly profitable."

The Bank sees a good prospect that the Government will meet its aim of getting inflation down to around 10 per cent. by the end of the year. But it draws attention to the importance of the next stage of the wage policy.

Though the rate of inflation "has been more than halved," it remains double the average rate of the U.K.'s main competitor.

Moreover, until inflation is kept to very small figures for a period, renewed acceleration remains a serious possibility. "It would, therefore, not be too ambitious given the reasonable prospect of achieving the 10 per cent. target to seek to halve the rate of inflation once again in the next 12-month period."

The public sector borrowing requirement fell by about 3 per cent. between the second and third quarters of the financial year, once allowance is made for the usual seasonal pattern, after a fall of about 2.7 per cent. between the first and second quarters, the Central Statistical Office announced yesterday.

This progressive improvement suggests an annual rate of inflation of £10.75-£11.00 billion.

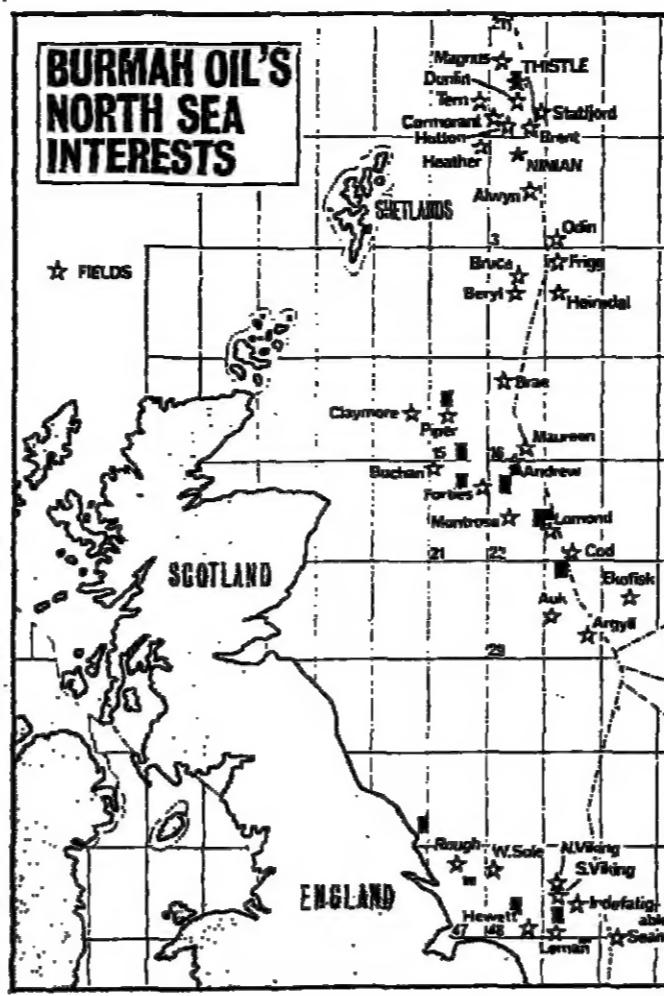
The last Consolidated Fund figures, which showed that outlays over the last four months also suggested that the growth of public spending has now been brought under better control.

The borrowing requirement figures are in sharp contrast to those for 1974-75, when the seasonally adjusted figures—these are cash figures which are not adjusted for inflation—grew by about 15 per cent. each quarter.

The most recent improvement was achieved despite some increase in borrowing by local authorities, which achieved an abnormally low deficit in the third quarter, and by public corporations.

In money terms, the third quarter PSBR was £3.4bn., or 13.8 per cent. higher than in the same quarter a year earlier—the lowest year-on-year rise for a long time.

● The public sector borrowing



CBI condemns TUC worker director plan

BY JOHN ELLIOTT AND ROY ROGERS

TUC PLANS for trade union nominated workers to be appointed to company boards came under concentrated attack from leaders of both sides of industry yesterday, with the CBI condemning them for being "in direct opposition to the national interest."

The CBI's broad approach was adopted when the CBI launched its rival proposals for companies to negotiate "participation agreements" with their employees, a proposal which is also being adopted with minor variations by Conservative Party leaders as well as the Engineering Federation and the Institute of Personnel Management.

The CBI's broad approach is being closely studied by Conservative Party leaders, who are developing a policy which would involve the Advisory Committee and Arbitration Service drawing up a Code of Practice to include the sort of participation agreements envisaged by the CBI.

While the CBI was announcing its proposals at its Westminster headquarters yesterday, TUC leaders were engaged in a heated debate at a meeting of their economic committee on the other side of London.

Union leaders such as Mr. David Barnett of the General and Municipal Workers and Mr. Frank Chapple of the Electrical and Plumbing Trades were challenging the orthodox TUC plan for trade union based management.

They urged that their preference for industrial democracy be extended through traditional collective bargaining should be taken into account in TUC policy pronouncements.

This activity has been generated by the imminent deadline for written evidence to be presented to the Government's Bullock inquiry on industrial democracy in the private sector. There are also parallel Whitehall inquiries for the public sector.

As a result of yesterday's debate in the TUC economic committee, it appears that some unions—including the GMWU, EPTU and the Engineers—will submit evidence independently to the Bullock inquiry opposing the TUC's ideas.

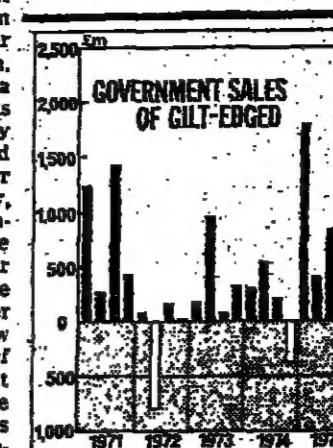
CBI proposals, Page 12

Editorial Comment, Page 18

THE LEX COLUMN

How the Bank will market gilts

Index rose 2.7 to 414.1



societies. Total private sector liquidity (other than the banks) continued to grow, albeit only slightly, in the fourth quarter.

Naturally the Bank declined to indicate what its precise

monetary guidelines may be;

it certainly does not discuss how the Chancellor's indication of a

possible 15 per cent. M3 growth

rate for 1978-79 might be con-

sistent with a slowdown in

inflation to 5 per cent. And the

Bank is expecting some decline

in the savings ratio, which

would not make its gilt-edged

sales task any easier.

However, the Bulletin's

research paper on the savings

ratio fails to come up with any

firm reasons for the sharp

rise in the past few years.

Perhaps this is because it de-

clines that the rate of monetary expansion

should not be so low as to

"impede a soundly based

economic recovery."

No doubt its policy will now

be to expand the money supply.

But given the erratic nature

of gilt sales, and the seasonal

variations in the Government

deficit, the Bank is prepared

to accept fluctuations month by

month, and even quarter by

quarter, in the rate of monetary

growth. In any case, it

argues that the trend of M3

(the broadly based measure)

of the money supply which has actually

been declining since November

—this week's figures, in fact,

showed a further drop in clear-

ing bank deposits in February.

Yet the Bank is concerned that

the rate of monetary expansion

should not be so low as to

"impede a soundly based

economic recovery."

But some of the in

figures are very large,

contract has also cre-

ated liabilities of £1

million for the cont-

ing year.

Capitalised at just £8m.

has